SONY

Corporate Report **2021**

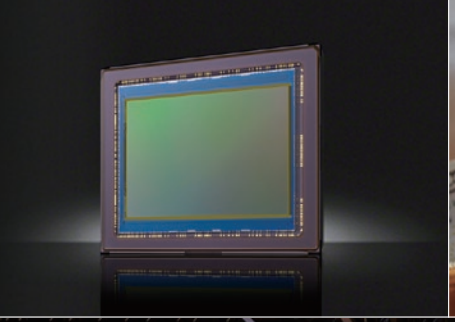
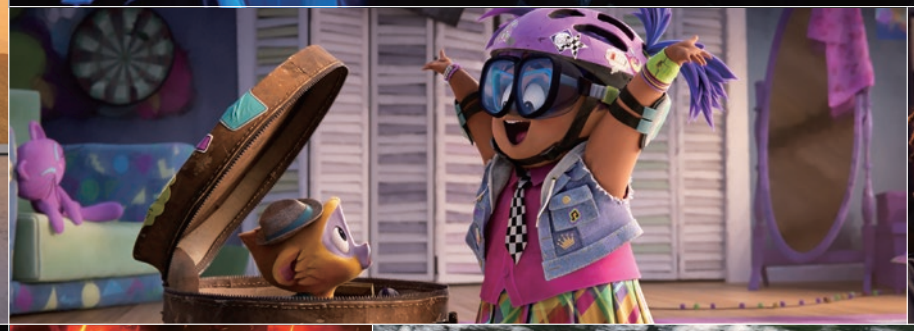


Photo courtesy of Robert Paul for Evo



A Creative Entertainment Company with a Solid Foundation of Technology

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Purpose

Fill the world with emotion,
through the power of creativity and technology.

Values

Dreams & Curiosity

Pioneer the future with dreams and curiosity.

Diversity

Pursue the creation of the very best by harnessing diversity and varying viewpoints.

Integrity & Sincerity

Earn the trust for the Sony brand through ethical and responsible conduct.

Sustainability

Fulfill our stakeholder responsibilities through disciplined business practices.

Fill the world with emotion, through the power of creativity and technology.

Sony strives to fulfill our Purpose to "fill the world with emotion, through the power of creativity and technology," under our corporate direction of "getting closer to people." We provide innovative products and content rich with *Kando* (emotion) based on the dream passed down from our founders to enrich people's lives through the power of technology. As a creative entertainment company with a solid foundation of technology, we will continue to manage our businesses with a long-term view centered around our Purpose, and work to create value for the future by drawing on the strength of our diverse businesses and employees.

Kenichiro Yoshida

Representative Corporate Executive Officer,
Chairman, President and CEO

The Evolution of Sony Based on *Kando*

For the diverse businesses and employees of Sony to unite and continue creating value over the long term, it is essential that we continue to share our Purpose among the approximately 110,000 Sony Group employees worldwide.

To provide *Kando*, as stated in our Purpose, Sony conducts its business around the axis of people, who are the subject of those emotional experiences. Sony's corporate direction is "getting closer to people."

There have been no changes to the management approach based on *Kando* and people since our first mid-range plan, which started in FY2012. Looking back on our progress over the past nine years, we have taken three important steps to evolve the Sony Group.

Our first step was to reinvigorate our branded hardware business and return it to profitability. Implementing structural reform liberated us from a loss-making paradigm, and we shifted our focus to premium products without pursuing scale. As a result, our branded hardware business has become one that generates stable cash flow. In that sense, the recording of profit in the mobile business, with its wireless communication technologies such as 5G, is an achievement that will have significant implications for the future.

The second important step we took was to focus on CMOS image sensors in our components

business. Divesting businesses such as batteries, we concentrated investment in CMOS image sensors, where Sony has a strong competitive advantage, and, as a result, secured a leading market position. Today our long-term target is to become number one in the world, not only in imaging, but also in sensing. Our Imaging & Sensing Solutions business is subject to a wide range of risks, such as fluctuations in customer demand, geopolitical tension and dependence on the procurement of logic chips and other components, but our ability to adapt to these changes is steadily improving.

The third step we took was to invest in content IP and direct-to-consumer (DTC) services, which are integral to creating and delivering *Kando*. Our investment has accelerated over the three years since the acquisition of EMI Music Publishing in 2018. Our biggest achievement in the DTC space is the PlayStation™Network (PSN), which has continued to grow organically. Our network sales in FY2020, during which we introduced the PlayStation®5 (PS5™), increased almost tenfold compared with FY2013, when the PlayStation®4 (PS4™) was launched. The number of PlayStation®Plus (PS Plus) subscribers has also steadily increased to reach approximately 46.3 million.[1]

1. As of June 30, 2021

Enhanced Financial Strength and Group Architecture

These initiatives have led to increased investment capability and greater collaboration across the Sony Group.

Consolidated operating cash flow, excluding the Financial Services segment, in each of the mid-range plans has continued to grow, reaching ¥2.6 trillion in total for the three-year period of the third mid-range plan (FY2018-2020). Reinforcing our financial strength during the first and second mid-range plans has provided the foundation for us to focus on strategic investment and capital investment.

In terms of our organizational structure, we have continued our efforts to enhance group management, and in April 2021 began operating under a new group architecture which includes the launch of Sony Group Corporation. The new architecture connects all of our businesses, each under an independent management team, in a horizontal manner to strengthen collaboration across the Sony Group. The electronics business that operates our founding business has inherited the Sony Corporation name. Sony Group Corporation's mission is to lead and support the evolution of the Sony Group through its array of talent and technology, focusing on the cultivation of group synergies and investment in people and technologies.

Future Management Direction, and Sony's Operating Environment

At Sony, our management approach will continue to center around the axis of *Kando*, and be based on a clear understanding of the motivations of creators and users, so that we can get even closer to people. In terms of the operating environment, we must respond to changes in society and people's values. Given the context of Sony's unique value creation process, we are particularly focused on the changes that "services," "mobile" and "social" are bringing about in the entertainment space. Across industries including games, music and motion pictures, the trend toward services is continuing, and subscription models are driving market growth. It is no exaggeration to say that mobile connectivity has become part of the infrastructure through which entertainment is enjoyed and social engagement occurs as people connect with one another. As entertainment and social experiences increasingly converge, the boundaries between genres such as games, music and motion pictures are becoming seamless.

By leveraging our investment capability and collaboration among our diverse businesses, Sony will seek to harness these changes as growth opportunities.

Medium- to Long-Term Strategic Direction

To evolve and grow Sony going forward, we are focusing on the following initiatives around the axis of our Purpose, highlighting the keywords of creativity, technology and the world (community).

Creativity

The creativity of people brings life to works that lead to *Kando*. Through its diverse businesses, Sony assists creators by providing them with venues and opportunities to demonstrate their creativity and to increase the value of their IP to the greatest extent possible.

Demon Slayer –Kimetsu no Yaiba– The Movie: Mugen Train is one recent example. Produced after Aniplex adapted the original comic into an anime

TV series, it generated more than ¥40 billion in box-office revenue in Japan, the highest in history.[2] We also gave a Sony Music artist the opportunity to record the theme song. In the U.S., the movie has recorded the highest box office revenue in history for a foreign-language film in its first weekend of release. Clearly, this IP is traveling well around the world. Going forward, we plan to maximize the value of the *Demon Slayer* IP generated by its creator, including the development of a game.

We have other initiatives in place to maximize the value of our IP. For instance, PlayStation Productions is working in close partnership with our production teams at Sony Pictures to adapt game titles into movies and TV shows. Joint projects between the pictures and music businesses are moving forward as well.

Through the acquisition that we announced in April of Som Livre, an independent music label in Brazil, we intend to enhance our operations in Brazil, which is one of the most dynamic and fastest-growing markets in the world. We believe this is another way we can provide new opportunities to the creative community.

We are also working to increase our points of contact with artists and creators. In the music business, for example, we collaborate with artists signed to our labels and with artists signed to independent labels through The Orchard. We also intend to support and proactively engage with individual independent artists through AWAL, the acquisition of which we announced in February 2021.

2. As of May 31, 2021

Technology

Sony believes that there are two types of technology — one supports the work of creators, while the other increases the value of user experiences.

In the area of "creation technology," which is closely aligned with creators, we are making full use of our audio and visual technologies. In particular, we are working to continuously evolve our CMOS image sensors, one of our core imaging technologies, for example in mobile products through our cutting-edge stacked image sensor technology. In real-time rendering technology, these sensors will contribute to the evolution of our Alpha™ series full-frame mirrorless cameras, while also enhancing the fairness and safety of sports and contributing to increased fan engagement via Hawk-Eye technology. In terms of virtual production, which is becoming increasingly widespread in areas such as movie production, we have improved our cinema camera and LED display technologies, and are collaborating with Epic Games to develop various technologies, including game engines.

User-oriented "experiential technology" is designed for the enjoyment of impactful content through our suite of products and services, driven by audio, visual and other technologies. In the case of the PS5™, for instance, we have integrated multiple technologies into the console, including audio, visual and haptic feedback through the controller, all of which enable users to experience games with a sense of reality, in real time and in an immersive manner. Our next challenge in the experiential technology space is the

Creativity

The Orchard AWAL

Technology

The World (Community)

Fate Grand Order PURE FLIX FUNIMATION

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next generation of virtual reality systems. We plan to incorporate the latest sensing technology, leveraging knowledge we gained from PlayStation®VR (PS VR). In the game space, our Game & Network Services (G&NS) business and Sony AI, which we established in 2020, are collaborating on the development of Game AI Agents to make game experiences even richer and more enjoyable for users.

The World (Community)

For us the word "world" is synonymous with all the people on the planet, and refers to the community of creators and users connected to each other around the globe. Increasing the number and scope of communities of interest, where people share emotionally impactful experiences and similar interests, is directly linked to our Purpose.

Anime and game DTC services are areas where we ourselves are fostering communities of interest. In the anime space, we are enhancing our Funimation DTC service, which delivers Japanese anime content to fans around the world. By Funimation joining forces with Crunchyroll, which we acquired in August 2021, we plan to broaden the scope of distribution for our content partners and make our services accessible to more anime fans. Beyond anime, our DTC service offering includes Pure Flix, which provides faith-and-family-centered entertainment, and our video channel DTC services in India, such as SonyLIV, which is rooted in local culture. In games, our priority is to increase user engagement with PSN, the Sony Group's largest DTC service as well as our largest community, while also expanding the community itself. Other initiatives include evolving the PlayStation™Now (PS Now) cloud-based streaming game service, investing in our first-party studios to reinforce software development, and strengthening capital ties and collaborations with outside studios.

In addition to what we do in the services space around anime and games, what we do in the mobile and social spaces will be crucial to expanding the world of people to whom we deliver *Kando*. In mobile, we are already deploying our anime-related IP in the form of mobile games, with *Fate/Grand Order* (FGO) as a prime example. Going forward, we will further focus on leveraging PlayStation®'s proprietary IP in mobile as well. In the social space, as content creation and distribution change, more direct connections are being made between creators and users as well. Through investments in IP, collaboration across the Sony Group, and investment in the social and mobile spaces, we will continue to expand the PlayStation® community.

Sony cannot fill the world with emotion on its own. We need to collaborate with external parties to bring *Kando* to as many people as possible. At the same time, we will continue to directly deliver *Kando* in areas where we can do so alone. Currently, our DTC services and social communities directly connect us with about 160 million people around the world. By increasing these existing communities and creating new ones both on our own and in collaboration with our partners, I would like to expand the number of people to whom we deliver *Kando* directly to 1 billion people, and spread *Kando* across the world.

Evolution of Mobility and Sensing

In addition to these business initiatives, the evolution of mobility and sensing is particularly important in terms of our contribution to society and the planet.

VISION-S is an area of exploration in the mobility space pursuing safety, adaptability and entertainment. Until now, we have built prototypes, performed public road tests and verified the viability of 5G communications while driving at high speeds. We will use the knowledge and expertise we have gained through this experience to continue our development of VISION-S. Automotive sensing is also a key priority in the area of mobility. We are achieving positive results in our research and development related to sensors for use inside vehicles, sensors for detecting outside, including those mounted on the front of the vehicle, and SPAD depth sensors for automotive LiDAR capable of high-precision distance measurement using laser. This is a business that we will seek to expand going forward.

Our sensing technology can also contribute to the evolution of Internet of Things (IoT), which helps improve the productivity of society. It is estimated that there will be 125 billion IoT devices in use by 2030, which will result in an explosion of data. The processing, transmitting and storage of this vast amount of data will cause a massive increase in energy consumption. To address these challenges, Sony has developed an edge solution that uses CMOS image sensors enhanced with AI to process data at

VISION-S Prototype

high speed inside the sensors themselves, reduce data volume and energy consumed. The solution has positive implications for security and privacy. We have commercialized the world's first intelligent vision sensors with AI-processing functionality and are proceeding with verification tests at retail outlets.

Responsibility for and Contributions to People, Society and the Earth

Based on our Purpose, "to fill the world with emotion," Sony will continue to leverage its diverse business portfolio and take on the challenge of creating new value from a long-term view. For people to be connected through emotion, it is necessary for people, society and the planet to be healthy. Together with people and local communities, I believe the planet earth is also an important Sony stakeholder. In order to fulfill our responsibility as a corporate citizen, we will continue to engage in horizontal measures encompassing all of our businesses to address climate change and other environmental issues, as well as social challenges such as human rights. We also intend to contribute to people, society and the earth by creating added value through our mobility and sensing businesses and technologies. In 2020, Sony launched two 100 million USD funds, one in response to the COVID-19 pandemic, and the other to support social justice. Our activities to help communities affected by these societal issues are driven by the power of our technology and talent, with many initiatives arising from the ideas and passion of our employees. In addition, supporting the health and safety of our employees who drive the company under the pandemic is one of the important efforts for the management team.

Corporate Culture Supported by Our Purpose

For Sony as a company to create sustainable value, the power of execution is more important than the ability to make strategic plans, and that power is derived from our corporate culture, supported by our Purpose. Looking back over the past three years, my most important achievement as CEO has been to define Sony's Purpose and ensure that it has become a part of our corporate culture. I believe Sony's 110,000 employees have a renewed awareness regarding the social significance of filling the world with *Kando*, particularly in light of the experiences we have all undergone during the pandemic. When surveyed on how deeply they identify with our Purpose, over 80% of employees responded positively, and this resulted in an increase in employee engagement during FY2020 across all our business segments.

I think it is vital to ask whether Sony can inspire each and every one of its employees to go about their work with passion. Only by identifying with our Purpose can our diverse employees engage in their work with passion, and in so doing create value for society.

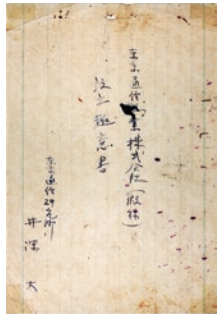
Please look forward to Sony continuing to create new value based on our Purpose to "fill the world with emotion."

From the Dream of Sony's Founders

In 1946, Masaru Ibuka, Akio Morita and more than twenty others established the Tokyo Telecommunications Engineering Corporation, the predecessor of Sony, with the aim of using their technologies to contribute to society. The company began with Japan's first tape recorder, and went on to develop and sell products for the mass market. The company was set up to "establish an ideal factory that stresses a spirit of freedom and open-mindedness that will, through technology, contribute to Japanese culture."

In 1958, the company changed its name to Sony, as it is known today. Masaru Ibuka and Akio Morita chose a name worthy of more than just an electronics manufacturer, reflecting their ambition to take on challenges in new fields beyond electronic products and become a corporate group with a global presence.

Akio Morita (left), Masaru Ibuka (right)



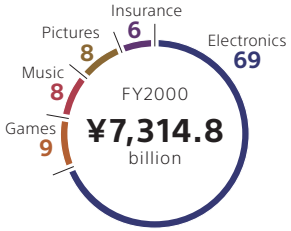
Founding Prospectus

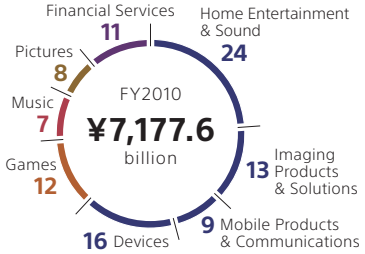
Diversity

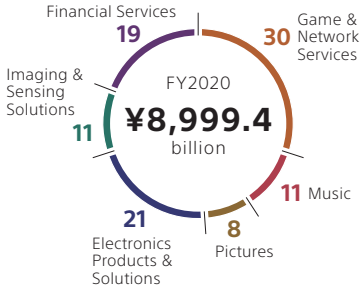
Over its history of roughly 75 years, Sony has evolved into a company with a diverse business portfolio and workforce. Our businesses have been increasing their autonomy while continuing to rise to new challenges. Beyond pursuing steady growth, our businesses and their diverse employees are now working to create new value through collaboration.

Consolidated Sales and Operating Revenue / Sales Composition by Segment (%)

Note: Sales compositions exclude sales within All Other/Corporate and elimination.







1950: **[EP&S]** Japan's first tape recorder launched
1954: **[I&SS]** Prototype of Japan's first transistor developed
1968: **[Music]** Domestic music business launched (CBS/Sony Records established)
1979: **[Financial Services]** Financial services business launched (Sony Prudential Life Insurance established)
1988: **[Music]** Music business taken global (CBS Records acquired)
1989: **[Pictures]** Motion picture business launched (Columbia Pictures acquired)
1993: **[G&NS]** Game business launched (Sony Computer Entertainment established)
2000: **[I&SS]** CMOS image sensors commercialized
2006: **[EP&S]** Digital single-lens reflex (DSLR) camera business launched
2006: **[G&NS]** Launched PSN
2020: **[Financial Services]** Financial services business made a wholly-owned subsidiary

"Sony and the Planet Earth" was the title of the article that CEO Yoshida wrote for his internal blog. In order to "fill the world with emotion," as Sony's Purpose envisions, it is necessary for people, society and the planet to be healthy. Sony will take responsibility for, and make contributions to, all of its stakeholders, namely people, society and the earth, through its businesses and various social initiatives with a long-term vision.

Sony and the Planet Earth

Content IP/DTC

Both content IP, which gets Sony closer to creators, and DTC services, which get Sony closer to users, are closely linked to Sony's Purpose because they create and deliver *Kando*. We will continue to implement initiatives to maximize the value of content IP produced by creators while enhancing our proprietary services as well as our collaborations with external parties in the DTC area. We plan to continue to give content IP and DTC services top priority in strategic investment while working to expand and enhance them.

Community of Interest

We call groups of people drawn in by Sony's content and products and connected through emotionally impactful experiences "Communities of Interest." In addition to the communities of creators and users connecting via DTC services, like PSN and Funimation, and those connecting through shared interests in entertainment, such as anime and games, there are also communities centered on hardware, like the Alpha. Some products, like the aibo™, are also capable of forming communities as a kind of content unto themselves. We believe our efforts to increase and expand Communities of Interest derived from the diverse motivations of users and creators will enable us to fulfill our Purpose, to "fill the world with emotion."

Value Creation Model

Sony's Purpose

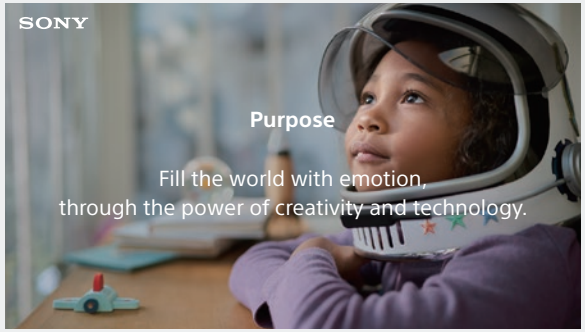
Purpose explains the reason for our existence, for Sony Group employees to work together along the same vector and create value from a long-term perspective. In other words, why we exist.

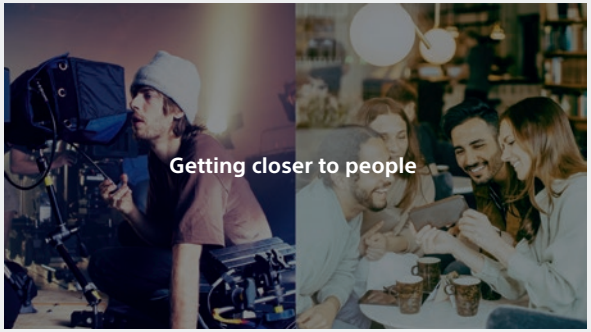
Identity

Identity expresses how we want to be perceived from the outside, in other words, who we are.

Corporate Direction

Corporate direction states where we are headed.





Sony's Purpose, "to fill the world with emotion, through the power of creativity and technology," defines why Sony exists, and guides the 110,000 Sony Group employees along the same vector to create value with a long-term perspective. Based on this Purpose, Sony presents its Identity to the world as a "creative entertainment company with a solid foundation of technology." Its Identity and Purpose are two sides of the same coin. Finally, Sony's corporate direction is "getting closer to people," specifically creators and users.

The foundations of Sony's value creation are technology, which is important in creating *Kando* (emotion), and its diverse employees. Each of these two elements is essential for Sony's businesses, which work to deliver *Kando* to the world by means of diverse employees demonstrating their creativity to the fullest. Based on these foundations, Sony's

Foundation for Creating Value

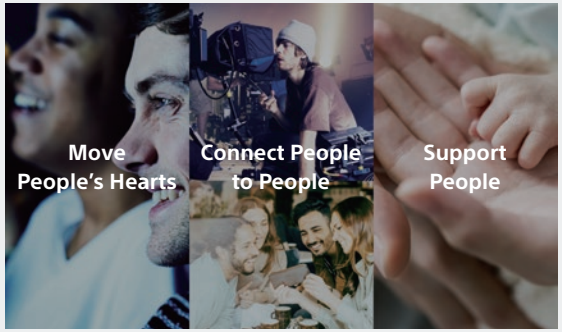
Materiality needed for value creation

Three Business Domains Built around People

Domains that consist of six business segments all centered around people, based on our corporate direction.

Value Creation

Value created for people, society and the earth through diverse businesses



1. Enriching people's hearts through the delivery of emotional experiences
2. Helping creators realize their dreams
3. Contributing to society through the delivery of safety, health and reliability

diverse businesses are centered on *people*, and can be divided into three domains designed to move people's hearts, connect people to people, and support people. The value Sony creates through its businesses can also be divided into three objectives in terms of people (users and creators), society, and the planet on which we live: enrich people's hearts through the delivery of emotional experiences, help creators realize their dreams, and contribute to society through the delivery of safety, health and reliability.

Believing that the good health of our society and the planet on which we all live is a precondition for filling the world with emotion, Sony considers the planet to be a valued stakeholder, and operates its businesses in hopes of helping achieve a sustainable society.

Purpose

Fill the world with emotion,
through the power of creativity and technology.

Value Creation

1. Enriching people's hearts through the delivery of emotional experiences
2. Helping creators realize their dreams
3. Contributing to society through the delivery of safety, health and reliability

Sony manages diverse businesses with the aim of sustainably creating value with people at the core, thereby serving our Purpose to "fill the world with emotion, through the power of creativity and technology," under our corporate direction of "getting closer to people."
In pursuing our Purpose, Sony's value creation through our businesses can be roughly divided into categories based on three perspectives: users, creators, and the society in which people live.

1 Enriching people's hearts through the delivery of emotional experiences

In addition to generating content that moves people's hearts, Sony's content businesses, including the Games, Music and Pictures businesses, and our direct to consumer (DTC) businesses, create communities where users can gather together and share creative experiences. Sony's electronics businesses pursue technologies that offer "Reality," "Real-time" and "Remote" to develop and provide environments for enjoying high-quality content and communication in order for people to be connected through emotion. The CMOS image-sensor business provides key devices for smartphones used by people around the world to share emotions.

2 Helping creators realize their dreams

Sony crafts environments where creators can fully express their creativity and fulfill their potential by providing platforms, technologies and expertise, in addition to discovering, nurturing, and producing creators, and supporting Sony artists from all directions.
Sony delivers the resulting content to move people's hearts around the world across a variety of domains, including Games, Music and Pictures. Sony continues to contribute to maximizing the value of creators' time through its electronic products, technologies and services that enable creators to express their vision, as well as providing remote solutions for content production and live events.

3 Contributing to society through the delivery of safety, health and reliability

Sony helps to create a society in which people can enjoy daily lives filled with emotion through its businesses that support people with safety, health and reliability. Sony aims to contribute to automobile safety and a better future for mobility with its CMOS image sensors and automotive-sensor technologies, while Sony's medical business aims to contribute to public health through applications in the fields of imaging, display and mechatronics technologies that we have cultivated over many years. In the financial services business, Sony focuses on providing customers with a sense of safety and assurance through pertinent advice, products and services that leverage a variety of information sources, while improving access to our services and promoting innovation for greater convenience in daily life.

Ratchet & Clank: Rift Apart ©2021 Sony Interactive Entertainment LLC. Created and developed by Insomniac Games, Inc.
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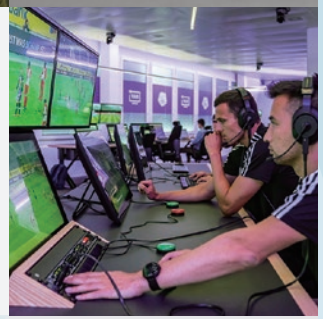
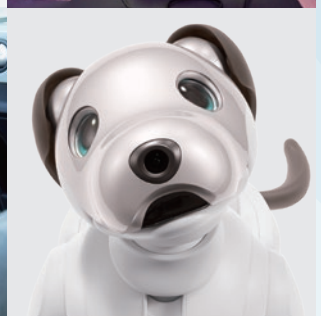
The J-TRAP professional double dutch team assisted with the photo shoot.





We pursue R&D to get closer to the motivations of creators and users, and to help engineers connect with one another and grow.

In support of our Purpose, we foster a culture in which the diverse talents of each employee are valued to the utmost, while facilitating the personnel strategy of each business accordingly.

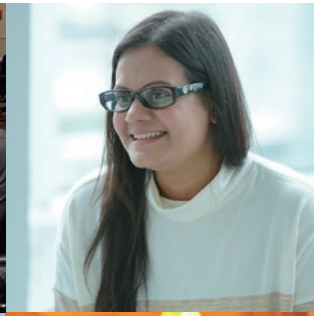
Technology

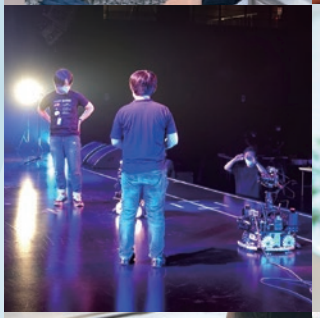
Employees

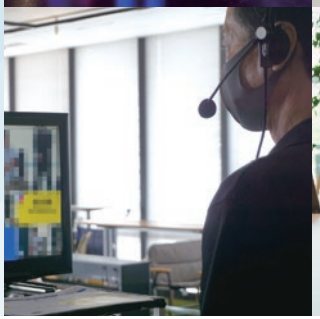
New Organizational Structure of the Group

Lead and Support the Evolution of the Sony Group

While supporting each business, we further accelerate both business model reform and intra-Group synergy, and strive to create value based on the strength of our diverse business portfolio.







New Sony Group Organizational Structure Implemented

In April 2021, on the 75th anniversary of its founding, Sony shifted to a new Group organizational structure. With Sony Group Corporation (SGC) functioning as the Group headquarters, six core business segments, including the financial services business (which became a wholly-owned subsidiary), line up side by side, working in concert for the growth and prosperity of the entire Group.

While Sony has its origins in the electronics business, it began pursuing business diversity even in its early years. It entered the entertainment business with the founding of CBS/Sony Records Inc. in 1968, and began its financial services business in 1979. In the past, this diverse business portfolio helped disperse risk across the business environment; today, the six business segments have grown into strong entities through individual reforms of business models and organizational structures. There were times when developing inter-business synergy was pursued for its own sake, but now it is firmly established as a means to evolve our business and create new value, and we have a system in place to create true synergies. One example of this is the application of 3D-imaging technology in the production of motion pictures and visual content. Another is the use of our content IP, such as *Spider-Man, Uncharted, and Demon Slayer: Kimetsu no Yaiba* in several business fields.

The Group's capital structure has steadily changed in tandem with the implementation of these strategies. The branded-hardware business evolved into an independent entity following the spinoff of the television manufacturing business in 2014, paving the way for the founding of the new Sony Corporation. The music business settled into the current capital structure after Sony/ATV Music Publishing and EMI Music Publishing became wholly-owned subsidiaries. The financial services business also became a wholly-owned subsidiary in FY2020, after Sony increased its stake therein several times.

Under the Group's new organizational structure, all the businesses will collaborate and evolve to increase the value of the entire Group based on the strength of a diverse business portfolio.

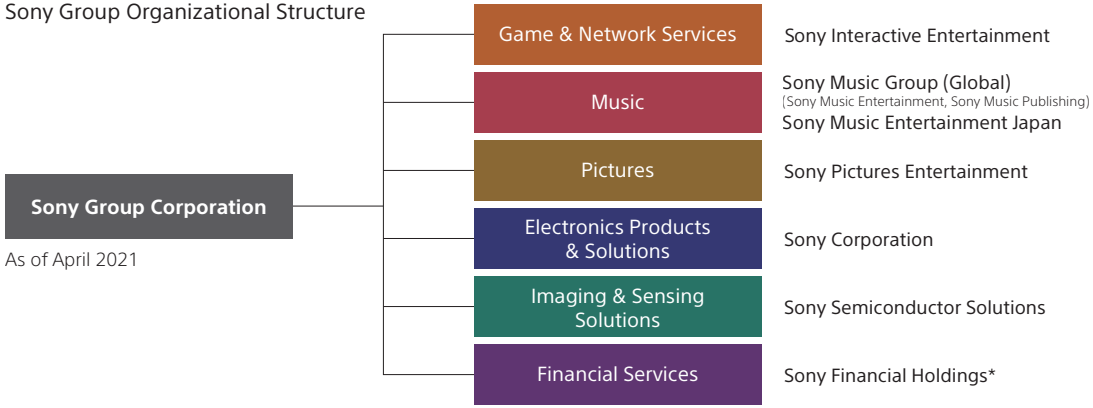
Leading and Supporting Business Evolution

The mission of SGC is to lead and support the evolution of the Sony Group through its array of talent and technology. To increase the value of the entire Group over the long term, SGC has three main priorities: 1) manage the business portfolio and allocate capital strategically, 2) create value through Group synergies and business incubation, and 3) invest in the talent and technology that form the foundations of innovation.

The key components of all operations in SGC, as stated in its mission, are employees and technology. These are also the most important material topics in sustaining the effort to create value for the entire Group. Sony operates by prioritizing its employees, believing that their growth generates growth for Sony, making, in turn, growth possible for society as a whole. In carrying out its Purpose, SGC supports personnel strategies in all Group businesses in ways that foster a culture in which the diverse individual qualities of employees are valued to the utmost. Technology is indispensable to *Kando* (emotion). Powered by technology, Sony businesses evolve, connect with one another via technology, and create new value. SGC refines technologies and focuses on building systems and implementing initiatives that encourage engineers to grow.

SGC's responsibility is to lead and support the evolution of the Sony Group, which distinguishes it from conventional holding companies. In enhancing collaboration among Group companies, an important theme for the future, SGC sees great value in building frameworks and cultivating an environment conducive to the growth of synergy. At Sony, we believe that the essence of group management is to share our Purpose and management direction on a fundamental level, while delegating responsibility and authority to each business and respecting the promotion of each business's strategy.

Sony Group Organizational Structure



As of April 2021

* Effective October 1, 2021, Sony Financial Holdings Inc. will change its company name to "Sony Financial Group Inc."

Message from the CTO

Toru Katsumoto

Executive Deputy President and CTO
Corporate Executive Officer
Officer in charge of R&D

Thoughts Concerning Technology and the Role of R&D

Sony carries out R&D in line with its Purpose and management direction of "getting closer to people," specifically the creators who deliver *Kando* and the users on its receiving end, based on an in-depth understanding of the motivations of both parties. The mission of Sony Group Corporation, established in FY2021, is to lead and support the evolution of the Sony Group through its array of talent and technology. As the CTO, I see my role as a leader in the effort to bring the entire Group together through technology, supporting each business segment in growing stronger. To that end, it is important that our engineers look beyond their own divisions and collaborate across diverse fields.

Since taking charge of R&D in 2018, I have focused my efforts on sharing technologies and connecting engineers across the Group. An example is the reduction of management hierarchy in the R&D Center, the organization responsible for the Group's core R&D operations. I am also working to promote cooperation among all Group companies, not just in the electronics and semiconductor segments.

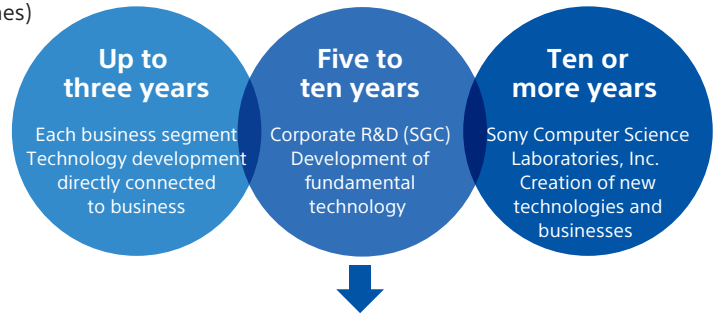
Such efforts naturally generate examples of technology cultivated in one Sony Group business being applied in another. For example, sound separation technology honed in the music business is now used in the motion pictures and electronics businesses. Technology sharing has also facilitated advancements in the financial services segment by enabling the provision of auto insurance with premiums based on each policyholder's driving behavior, estimated using driving pattern data obtained using AI technology.

Now that all Sony Group businesses have grown strong, I aim to propel initiatives leading to new value by facilitating the further evolution of each business through promoting the circulation and refinement of technologies across the Group.

Future R&D Strategies and Priority Measures

The Sony Group organizes its R&D efforts in terms of functions and roles along three timeframes that lead to the achievement of the intended results (see chart below). In corporate R&D, conducted mainly by the R&D

R&D System (Timeframes)


Up to three years
Each business segment
Technology development directly connected to business
Five to ten years
Corporate R&D (SGC)
Development of fundamental technology
Ten or more years
Sony Computer Science Laboratories, Inc.
Creation of new technologies and businesses

Corporate R&D Efforts
- Short term: Introducing technologies linked to the present business front
- Medium term: Technology development forecasting the state of business segments five years ahead
- Long term: Exploring technology seeds for the future

Center, resources are invested with financial discipline, keeping the Group's future business portfolio in mind. Specifically, we place high priority on technologies that can be shared among various businesses under the management direction of "getting closer to people." I will also continue to focus on 3R (Reality, Real-time and Remote) technologies, as well as technological themes related to AI, sensing and security. Over the past few years, corporate R&D expenditure has been around 45 billion yen per year, and I think we are currently in a phase in which we should maintain this level while fully applying the technologies available across the Group.

To that end I am focusing my efforts on two initiatives centered around "people," the key element in our management direction. First is the Corporate Distinguished Engineer (DE) program. Corporate DEs are a group of top engineers who represent the technical prowess of Sony, and 44 DEs have been selected. Each DE makes the most of their expertise in their respective fields to formulate, promote and propose corporate technology strategies to top management, and represent Sony at external events such as academic conferences. We plan to accelerate diversity in terms of nationality, business segments, and other areas when appointing DEs in the future. Another initiative is our Technology Strategy Committees. We have ten technology-specific committees, each of which transcends the boundaries of business segments, and which disseminates important technological information widely within the Group. Training the next generation is also a priority. This is not one-sided teaching but rather is designed to help young employees grow on their journeys to unlock their potential and realize their ambitions. I think this initiative reflects Sony's culture.

For Sony's continued growth and prosperity through technology, I think it is essential to expand a network of initiatives and systems like those I have mentioned across the whole Group, while connecting engineers and supporting their growth. It is also important to respond to changes in the external environment and build alliances with organizations outside the company. I myself will strive to engage in dialogue with people outside Sony, and share the insights and information gained from this dialogue throughout the Group to support the growth of our engineers.

Technology
https://www.sony.com/en/SonyInfo/technology/

Corporate Distinguished Engineer Program

Sony certifies its engineers as "Corporate Distinguished Engineers" who formulate and execute technology strategies while identifying signals of change, and support the development of talent in order to ensure Sony's sustainable growth.

Technology Strategy Committee

G&NS	Music	Pictures	EP&S	I&SS	Financial Services
Mechanical Strategy Committee					
Optics Strategy Committee					
Software Strategy Committee					
LSI Strategy Committee					
Information Processing Strategy Committee					
Device & Material Strategy Committee					
Electric Strategy Committee					
Production Engineering Strategy Committee					
Design Process Strategy Committee					
Content Technology Strategy Committee					

Sony's R&D: Empowered by Diversity

The R&D Center, as a hub of technology and engineers, aims to encourage collaboration among various businesses to deliver *Kando* to people around the world.

By creating a non-hierarchical collaborative working environment, we unleash the full potential of individuals so that new ideas can be executed more quickly and we can respond swiftly to competitive challenges and market pressures. As a global organization, we harness our diverse teams, viewpoints, and cultures to create a place where people can learn from each other and inspire one another.

This same spirit of diversity can be seen in our Corporate DE system. As a DE myself, I enjoy the opportunity to work alongside the top talent in various businesses and R&D organizations. Our different professional experiences and expertise in different technology areas enable us to formulate comprehensive technology strategies that incorporate diverse ideas and perspectives. Moreover, as "Sony technology representatives" we also accelerate the development of scientists, researchers and engineers by sharing our knowledge both inside and outside the company.

Magdalena Wasowska

Deputy Senior General Manager,
Distinguished Engineer
R&D Center

Message from the Officer in charge of Human Resources

Kazushi Ambe

Senior Executive Vice President
Corporate Executive Officer
Officer in charge of Human Resources and General Affairs

Redefining Sony's People Philosophy: Special You, Diverse Sony

We have entered a new era of group architecture with the establishment of Sony Group Corporation (SGC). Following these organizational changes, we redefined our People Philosophy, which along with our Purpose unites our diverse 110,000 employees, to maximize value creation and keep the Group evolving. This new People Philosophy, "Special You, Diverse Sony," conveys the message that each unique individual and Sony itself, which embraces individuals, can grow together, aligned by our shared Purpose.

Since its founding, Sony has respected the independence and challenging spirit of individuals, and cherished a corporate culture based on the partnership of choice between Sony and each individual employee, where each party is accountable for being responsive to the needs of the other. This is the essence of Sony's Founding Prospectus, written by co-founder Masaru Ibuka, which reads, "We shall place emphasis on a person's ability, performance and character, so that each individual can fully exercise his or her abilities and skills." It is also embodied in the words that fellow co-founder Akio Morita imparted to newly hired Sony employees: "If you regret joining Sony, quit immediately. Once you've decided to work for Sony, let us be responsible to each other. I'd like every one of you to think at the end of your life that you have no regret spending time at Sony." I feel that there is a mutual interaction in which the growth of diverse individuals propels Sony's growth. This is possible only because the company and the employees have always faced one another on equal terms, with an overarching expectancy to mutually deliver and scale up, as the company continues to provide employees with a range of growth opportunities so they can willingly take on their best career options.

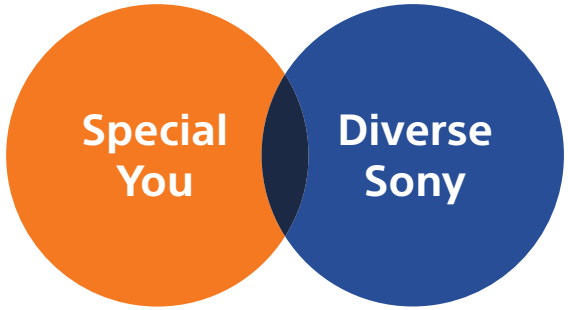
Human Resources Strategy: Attract, Develop and Engage Talented Individuals

SGC supports the evolution of each Sony business and puts focused effort into common themes, leading to sustainable growth for the entire Group. Because each of Sony's diverse businesses needs various management styles and talent with different skills and abilities to create value, I think it is appropriate to make each business responsible for planning and executing the HR strategy that best suits its needs. At the same time, we define the groupwide strategic HR strategy framework as follows.

Attract talented individuals: By enhancing recruitment campaigns across the Group, we can approach a broader range of talent than each division is capable of doing alone. As a result, we attract diverse people who identify

Sony's People Philosophy

Shape your own career with the spirit of freedom and open-mindedness. Feel the emotion of opening up your future.



Sony has a culture that values diversity. It is a place where people inspire each other to create new value.

Employees https://www.sony.com/en/SonyInfo/Employee/

with our Purpose, embrace a challenging spirit and possess ambition to grow. To sharpen our competitive edge in attracting top technical personnel from around the world, we have introduced a system to flexibly adjust job requirements and compensation depending on the level of expertise each position requires with an eye to market standards, while conducting strategic recruitment campaigns in cooperation with business sites worldwide.

Develop talented individuals: We offer our employees opportunities and spaces where they can spontaneously meet to learn and draw inspiration from one another, while enhancing systems that make various career challenges available to them, and that go beyond business and industry boundaries. To create the next generation of Group leaders, we continuously identify key management positions and build our talent pool, staying close to candidates and giving them growth opportunities suitable to their individual experiences and backgrounds. Sony University globally supports the cultivation of management candidates in cooperation with all Sony Group businesses. It explores individual talents, and improves and expands on leadership-training programs in a continuous effort to support the development of the entire Group.

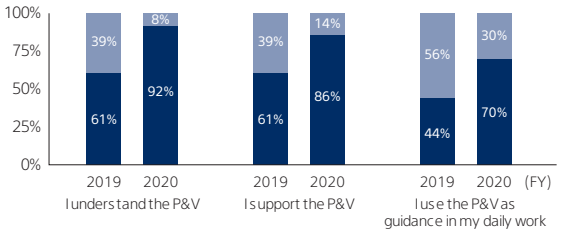
Engage talented individuals: We believe all the effects of our HR initiatives are eventually reflected in the engagement of our employees. Based on this, we regularly conduct employee surveys and factor the results into our engagement index. In recent years, that index has shown a rising trend in all business segments. The results of the engagement assessment also factor into some of the indices used for evaluating SGC executives, including top management of each business segment.

Another important role of SGC is to design evaluation and remuneration systems of senior executives, who assume leadership in the Group and its businesses. Our basic policy is to make this work effectively as an incentive to improve short/mid/long-term earnings in their respective businesses, and to increase shareholder value. In FY2020 we included indices related to value creation through inter-business collaboration and sustainability efforts in the evaluation factors for performance-linked remuneration of senior executives.

The growth of diverse individuals leads to the growth of the Sony Group and its businesses. By helping individual employees work with creativity and vigor to create value, we aim to leverage our employee diversity as our strength, leading to sustainable value creation for the Sony Group.

Purpose & Values (P&V): Reception & Empathy Survey

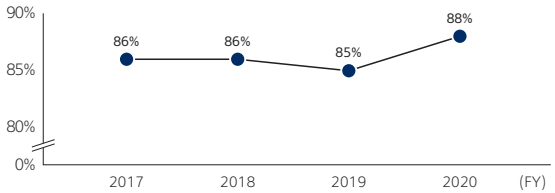
As a result of efforts to ensure the reception and retention of the P&V, including continuous messages from the management team and reflection in the employee evaluation system, the number of positive responses to each question in the FY2020 survey showed a significant increase over the previous year.



* Survey method changed between 2019 and 2020

Engagement Index

In FY2020 the engagement index reached a record high due to the increased level of trust in the company. Based on the survey results, employees place great importance on continuous dialogue and enacting action in their respective businesses.



* Percentage of employees who did not answer the questions unfavorably

Value Creation through Diversity

Sony Interactive Entertainment symbolizes the diversity of the Sony Group, not only in terms of its employees, but also in its technology and functions, such as game studios that plan and produce game content, excellent hardware design and software, and network services that connect and deliver content to the world. We also have geographic diversity, with talented teams across the globe, including Japan, Europe, and the U.S. By leveraging this diversity and the creativity of our talented employees around the world, we successfully launched PS5™ during the pandemic and achieved a record sales volume as for the fiscal year of launch. We aim to bring out the best of our global team by creating a place where everyone feels valued, heard, and empowered. Based on Sony's Purpose, we will continue to aim to create the best place to work and play, where diverse employees inspire one another and strive for growth.

Orit Ziv

Senior Vice President,
Global Head of Human Resources
Sony Interactive Entertainment

Change in Business (Q&A with the Heads of the Businesses)

Q1. What kinds of synergy will you pursue?　Q2. How will you apply emergent technologies?　Q3. How are employee strengths connected to business growth?

G&NS

Jim Ryan

Officer in charge of Game & Network Service Business
President and CEO, Sony Interactive Entertainment LLC

Synergy

A1. We are bringing new experiences to our community by collaborating with Sony Music artists, and by not only expanding our IP into new mediums with Sony Pictures, but also exploring ways to strengthen our services by partnering with their TV and movie content.

Technology

A2. We continually strive to innovate, making our gaming experiences more immersive through a robust network infrastructure, new technology such as SSD and haptic feedback, and next generation VR system.

Employees

A3. Our industry is about passion and we aim to foster diverse talent who drive innovation, connect us to our consumers, and create the best workplace for everyone.

Music

Rob Stringer

Officer in charge of Music Business (Global)
Chairman, Sony Music Group
CEO, Sony Music Entertainment

A1. Our Premium Content division has made it a strategic priority to create opportunities for our artists and songwriters on film, TV, games and podcast projects. Our position in the wider Sony family gives us a competitive differentiation.

A2. Data is integral to all our functions and decisions. Our industry-leading artist portal offers artists transparency regarding their earnings, and our investment in data science and analytics tools is more than it ever has been.

A3. Underlying our strategic business initiatives are our core values of diversity, equity, inclusion and philanthropy. We are ambassadors for an empowering art form that plays a vital role in shaping culture.

Jon Platt

Officer in charge of Music Publishing (Global)
Chairman and CEO, Sony Music Publishing

A1. Ongoing synergy with SME is central to our mid-range plan. We will continue to collaborate closely on new talent signings, which is already going quite well, as well as sync licensing deals across the advertising, film, television and gaming industries.

A2. We are continually expanding our use of data and analytics to deliver the best service to songwriters. Our investments in new management tools include new upgrades to our SCORE app and real-time foreign royalty processing.

A3. As a creative company, diverse teams are essential to sustaining our growth, and it is crucial to foster a culture where employees feel supported and have opportunities to learn and grow.

Shunsuke Muramatsu

Officer in charge of Music Business (Japan)
President and Representative Director of the Board, CEO, Sony Music Entertainment (Japan) Inc.

A1. We create new synergies mainly through efforts to globally market Japanese IP and maximize fan engagement in the area of video distribution.

A2. We use technologies to deliver our content IP as entirely new and emotionally impactful experiences, further reinforcing fan engagement.

A3. We offer our employees the chance to experience the joy of working in the entertainment industry they love, along with opportunities to propose challenging new ideas, and a corporate culture that admits no fear of failure.

Pictures

Anthony Vinciquerra

Officer in charge of Pictures Business
Chairman and CEO,
Sony Pictures Entertainment Inc.

A1. Collaboration within the Sony media ecosystem is a key competitive advantage. With PlayStation®, we are developing game IP for film, with a number of high-profile titles in production.

A2. In working with Sony's electronics teams we maximize use of Sony technology at every stage, pre-production to post-production, while providing feedback from the perspective of professional users.

A3. By adapting strategies and employee skills to the times, and tapping into employees' diverse viewpoints, skills and creativity, we make entertainment that is enjoyed everywhere.

EP&S

Kimio Maki

Officer in charge of Electronics Products & Solutions Business
Representative Director, President and CEO,
Sony Corporation

A1. We connect creators and users worldwide with products and services that transcend expectations and imagination, creating the future of entertainment together.

A2. By exploring new technologies and rising to challenges, we provide *Kando* and *Anshin* and contribute to the evolution of the Sony Group by giving creators expressive freedom.

A3. We embrace the corporate culture of fearless challengers, as the diverse values and perspectives of our employees are the key to new value creation.

I&SS

Terushi Shimizu

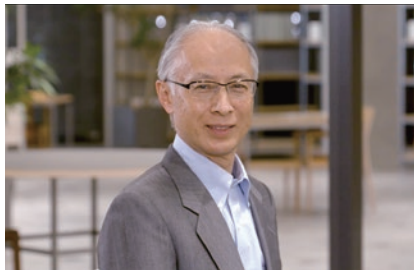
Officer in charge of Imaging & Sensing Solutions Business
Representative Director, President and CEO,
Sony Semiconductor Solutions Corporation

A1. We promote personnel interchange in R&D, pursue safety and security to support the evolution of mobility into an entertainment space, and create new edge AI businesses through collaboration within the Group.

A2. As a business that "connects people to people," and with the technology of our premier CMOS image sensors, we help connect users and creators worldwide.

A3. We provide an environment where employees are highly motivated and free to take on challenges, fostering a corporate culture that respects and empathizes with diverse opinions and ways of thinking based on the values of openness and unity.

Financial Services



Masashi Oka

President and CEO, Representative Director,
Sony Financial Holdings, Inc.

A1. We aim to create new value by leveraging SFG's ability to "stay close to people" with the Sony Group's strength in the "power of technology."

A2. Beyond increasing business efficiency, we will remove customer pain points and improve the customer experience. In the future, we aim to evolve a business model that uses data utilization as a driver.

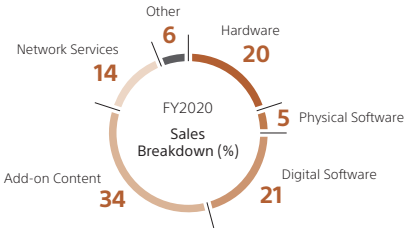
A3. Top management takes the initiative in spreading the company's vision and values, fostering a corporate culture in which each and every employee can experience a sense of growth through the practice of these vision and values.

Synergy
Technology
Employees

Business Profiles

Game & Network Services (G&NS)

Accounts for roughly 25% of Sony's total sales
Established as one of the world's leading game ecosystems
(Cumulative three-year[1] operating CF: ¥955.3 billion; investing CF: -¥182.0 billion)



Revenue Sources

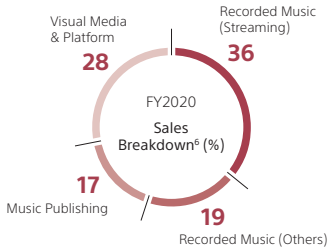
G&NS is distinguished by stable recurring revenue streams, including revenues from the sale of physical software and network revenues from the PSN due to the growth of network services and add-on content[2]. Moreover, in FY2020, with the smooth transition to the new PS5™, hardware revenues grew along with the number of monthly active users of PlayStation® overall. As a result, volatility in profitability resulting from the console cycle decreased compared with the past.

Investment Areas[3]

G&NS limits fluctuations in its assets within a certain range by outsourcing most hardware production and expensing most new-console development costs. It invests in M&A and strategic partnerships, mainly in game developers, as well as in R&D to strengthen content IP.

Music

Forerunner of Sony's entertainment business
Ranks first[4] in the world in music publishing and second[5] in music production
(Cumulative three-year[1] operating CF: ¥338.9 billion; investing CF: -¥354.2 billion)



Revenue Sources

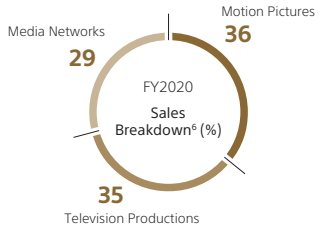
Music production is a relatively capital-efficient business as the revenues from digital distribution and package sales are shared with artists and other parties involved. Music publishing, with its immense music catalog, has a business structure that allows it to generate stable revenues from royalties and other sources over the long term, although ROIC[7] is low. Visual media and platform is characterized by solid medium-term profitability due to its multifaceted application of content IP.

Investment Areas[3]

The Music segment is active in discovering and developing talent. It is also enhancing its support of independent artists, particularly since these artists account for a growing part of the market. In FY2020 Sony decided to acquire AWAL. We are also working to continuously enrich our music catalog, which represents a highly-liquid collection of content. In FY2018, EMI Music Publishing was made into a wholly-owned subsidiary of the Sony Group. The Music segment is also enhancing investment in anime content IP, which can be deployed and utilized across a wide spectrum of media.

Pictures

Established unique status as an independent studio
Owner of excellent content IP, including beloved characters
(Cumulative three-year[1] operating CF: ¥325.7 billion; investing CF: -¥89.7 billion)



Revenue Sources

Motion pictures generate near- to long-term revenue from digital distribution and television licensing in addition to box-office revenue. Theatrical releases were suspended for a lengthy period in 2020, but revenue from distribution and licensing remained strong. The segment can expect stable revenue from television productions, which include many popular series, and media networks, which generate revenue from subscription fees and advertising. The value of our content has been rising in recent years along with the rapid expansion of distribution platforms.

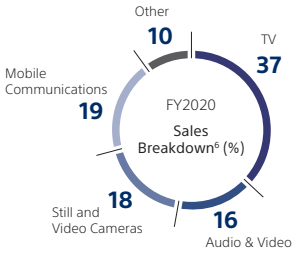
Investment Areas[3]

Because content production and acquisition costs are capitalized as film costs and are recovered over a long period of time, invested capital in the Pictures segment tends to be high. Content production costs have decreased in the short term because there was a period of time when production was suspended due to the COVID-19 pandemic. Acquisitions are usually medium in scale and are mostly centered on film and television production companies.

1. FY2018 through FY2020 2. Including sales from PlayStation™Store (PS Store) and subscription game services such as PS Plus and PS Now 3. Investments also include non-capital assets. 4. As of 2020 (source: Music & Copyright)
5. As of 2020 (source: IFPI) 6. Sales to external customers 7. Return on invested capital

Electronics Products & Solutions (EP&S)

Sony's founding business
High added value made possible by technologies that differentiate Sony in images, sound and communication
(Cumulative three-year[1] operating CF: ¥487.9 billion; investing CF: -¥270.7 billion)



Revenue Sources

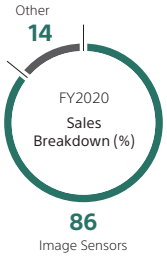
EP&S pursues a high-value-added strategy that prioritizes profitability over sales volume. It is enhancing cost control and supply-chain management by building a comprehensive operation that integrates development, production, logistics and sales operations among its group companies. The segment maintained high profitability while responding appropriately to fluctuations in demand, even during surges in the pandemic.

Investment Areas[3]

The segment's R&D investments are focused on the development of technologies that emphasize Reality, Real-time and Remote features, as well as on high-value-added products. Especially in the past three years, we have invested capital in growth areas such as sports and medical, where we can leverage the technologies we have developed in electronics. Capital expenditures mainly consist of maintenance capex that does not exceed depreciation and no major expenditures are planned at present.

Imaging & Sensing Solutions (I&SS)

Built on the strength of CMOS image sensor technologies
Achieved high market share by marketing high-value-added products
(Cumulative three-year[1] operating CF: ¥738.8 billion; investing CF: -¥639.9 billion)



Revenue Sources

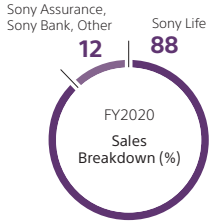
I&SS's core product is the image sensor, which has exhibited continuous growth since the 2010s, mostly for mobile devices. However, in FY2020, sales decreased due to reasons such as a suspension in shipments to a certain Chinese customer. The business is currently working to expand and diversify its customer base while focusing on fine pixel sensors, in addition to high image quality and multifunctional sensors. It is also endeavoring to expand sensor applications in the automotive space and in the area of devices that have AI-processing capability, an area in which retail, industrial and other customers have expressed great interest.

Investment Areas[3]

I&SS is investing in increasing the production of image sensors, which, unlike semiconductor memory products that require frequent upgrades to their production lines, do not require regular large-scale capital expenditures. It is working to raise the efficiency of invested capital by flexibly reviewing investment and production plans in response to changes in the market environment. With an eye to future growth, R&D efforts continue in the areas of automotive business as well as developing both software and new products that apply edge AI processing technologies.

Financial Services

Services tailored to each individual customer
Established solid status in Japan as a business characterized by stable revenue



Revenue Sources

Sony Life earns stable revenue from a unique business model, providing life insurance tailored to its customers' individual life plans through in-depth consultations. Sony Assurance earns revenue from direct sales of a variety of insurance products, mainly automobile insurance, to individual consumers. Sony Bank offers mortgage loans and foreign-currency deposits to consumers via online services.

Investment Areas[3]

While focusing on remaining operationally sound as a financial institution, the Sony Financial Group is developing products and services that incorporate technology and respond to social or environmental changes across all its businesses. It also seeks to add more value through the Lifeplanner channel which is the strength of Sony Life, SFG's core company.

Note: Cash flow information (excluding Financial Services) is not a measure in accordance with U.S. GAAP and is not a substitute for Sony's consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

FY2020 Financial Results

In the fiscal year ended March 31, 2021, consolidated sales and operating revenue grew 9% year on year to ¥8,999.4 billion, while operating income grew 15% to ¥971.9 billion. Operating income grew significantly in the G&NS, EP&S and Music segments while decreasing significantly in the I&SS segment as a result of changes in the business environment. Profit growth was driven mainly by growth in Game Software and Network Services revenue in the G&NS segment, operational cost-cutting and sales mix improvement in the EP&S segment, and, in the Music segment, growth in Recorded Music streaming revenue as well as Visual Media & Platform revenue.

Excluding the Financial Services segment, consolidated operating cash flow totaled ¥1,122.2 billion.

FY2020 Consolidated Financial Results

(Billion yen)

	FY2019[1]	FY2020[1]	Year-on-year change (+/-)
Sales and operating revenue	8,259.9	**8,999.4**	+739.5 (+9%)
Operating income	845.5	**971.9**	+126.4 (+15%)
Income before income taxes	799.5	**1,192.4**	+392.9 (+49%)
Net income attributable to Sony Group Corporation's stockholders	582.2	**1,171.8**	+589.6 (+101%)
Operating Cash Flow (excluding Financial Services)[2]	762.9	**1,122.2**	+359.3
Investing Cash Flow (excluding Financial Services)[2]	(363.1)	**(581.2)**	-218.1
Operating CF + Investing CF (both excluding Financial Services)[2]	399.8	**541.0**	+141.3

1. The average exchange rate for the fiscal year ended March 31, 2020 was 1 USD = 108.7 JPY and 1 EUR = 120.8 JPY; that for the fiscal year ended March 31, 2021 was 1 USD = 106.1 JPY and 1 EUR = 123.7 JPY.
2. Operating and investing cash flow (both excluding Financial Services) are non-GAAP financial measures, but Sony believes that they may be useful to investors.

Note: Financial information in this report is presented in accordance with U.S. GAAP, except where otherwise expressly stated.

FY2020 Sales / Financial Services Revenue and Operating Income by Segment

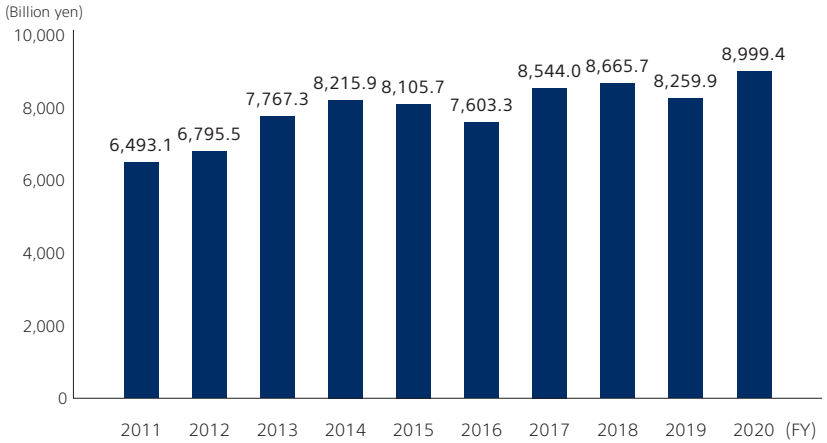
(Billion yen)

	Sales / Financial Services revenue		Operating income		Main factors for operating-income change
	FY2019	**FY2020**	FY2019	**FY2020**	
Game & Network Services	1,977.6	**2,656.3**	238.4	**342.2**	(+) Increase in game software sales (+) Increase in Network Services sales, mainly from PS Plus
Music	849.9	**939.9**	142.3	**188.1**	(+) Increase in Recorded Music business's streaming service revenue (+) Increase in Visual Media & Platform revenue, including growth in Anime business's sales
Pictures	1,011.9	**758.8**	68.2	**80.5**	(+) Lower theatrical marketing costs in Motion Pictures (+) Higher home entertainment sales from prior year and catalog titles (+) Decrease in charges related to channel portfolio review in Media Networks
Electronics Products & Solutions	1,991.3	**1,920.7**	87.3	**139.2**	(+) Reductions in operating costs, mainly within Mobile Communications (+) Improvement in product mix of televisions and digital cameras
Imaging & Sensing Solutions	1,070.6	**1,012.5**	235.6	**145.9**	(-) Increased R&D and depreciation/amortization expenses (-) Decrease in sales of image sensors for mobile products (-) Negative impact of exchange rates (-) Write-downs of some inventories of image sensors for mobile products
Financial Services	1,307.7	**1,668.9**	129.6	**164.6**	(+) Improvement in Sony Bank's net securities valuation gain (+) Decline in Sony Assurance's auto insurance loss ratio (+) Increase in Sony Life's profits due to reduced provision to policy reserves resulting from equity market appreciation and rise in interest rates

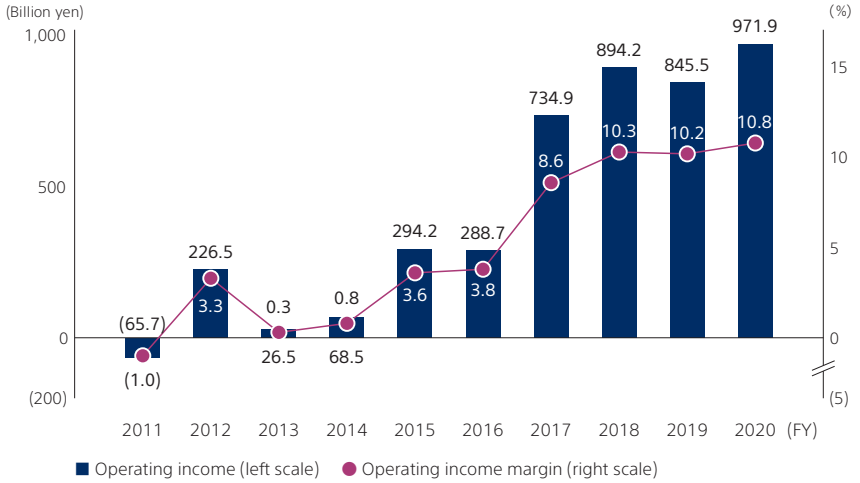
Changes in Key Financial Metrics

Note: For changes in non-financial metrics, please refer to page 39.

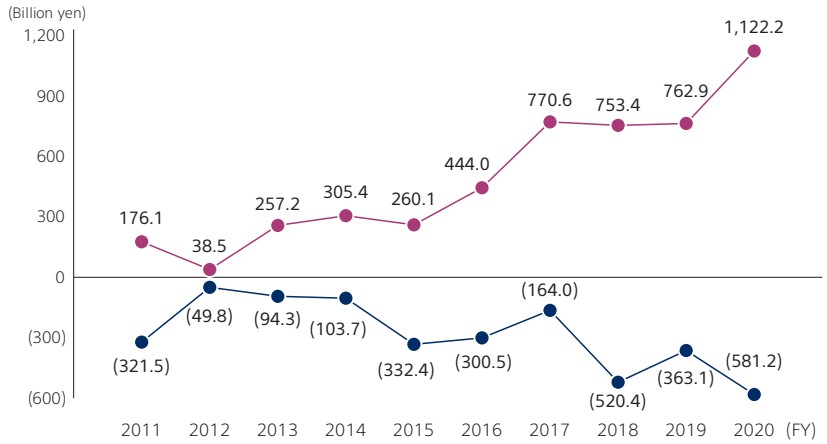
Sales and Operating Revenue



Operating Income, Operating Income Margin



Cash Flows from Operating Activities, Cash Flows from Investing Activities (excluding Financial Services)



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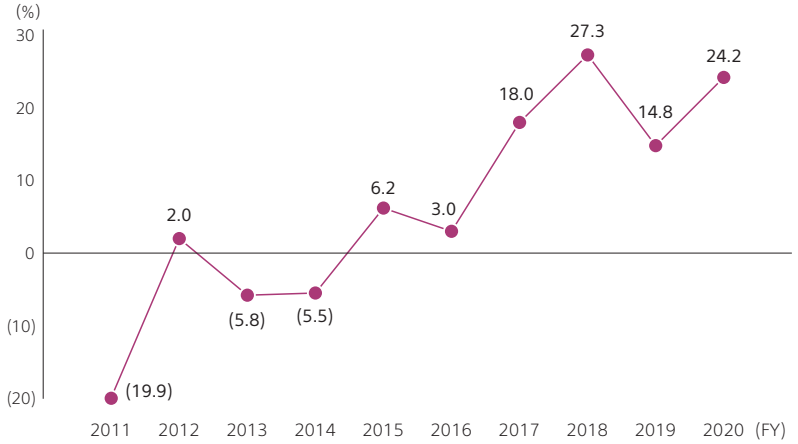
Return on Equity (ROE)



Previous Mid-Range Plans

First Mid-Range Plan (FY2012–FY2014)

Achievements and Issues

- Built a foundation for future profitability improvement through various strategies, including withdrawal from the PC business, splitting off the television business as a separate subsidiary, and reducing headquarter overhead costs by 30%
- Established a foundation for growth through initiatives such as continued investment in image sensors, the acquisition of Gaikai Inc. (which had technology essential for streaming cloud-based games), and investment in, and establishment of a joint venture with Olympus Corporation
- Operating income margin and ROE significantly below targets due to inadequate response to changes in the operating environment

Quantitative Goals

	Financial targets		FY2014 results
Sales	¥8,500 billion	▶	¥8,215.9 billion
Operating income margin	5% or more		0.8%
ROE	10%		–5.5%

Second Mid-Range Plan (FY2015–FY2017)

Achievements and Issues

- Achieved operating income and ROE targets and reached new record highs by realigning the profit structure through restructuring of businesses, and by expanding recurring-revenue businesses
- Split off and reorganized business units as separate subsidiaries to strengthen accountability, sustainability and competitiveness
- Although the scale of these businesses remained limited, made steady progress in the medical equipment, automotive, and AI and robotics areas
- The Pictures and Mobile Communications segments fell short of plans and profit structure improvement remained an issue

Quantitative Goals

	Financial targets		FY2017 results
Operating income	¥500 billion or more	▶	¥734.9 billion
ROE	10% or more		18%

Third Mid-Range Plan (FY2018–FY2020)

Theme

Generate Sustainable Social Value and Maintain a High Level of Profit

Achievements and Issues

- Invested in and otherwise strengthened DTC services and content IP
- Turned branded hardware business into stable cash-flow generator
- Invested in CMOS image sensor business and kept it profitable amid a changing business environment
- Earned record profits in FY2020, the plan's final year, by executing strategies and responding to changes in the environment in each business
- Far surpassed target for cumulative three-year operating cash flow (excluding Financial Services)
- Reorganized Group by establishing Sony Group Corporation to fulfill group headquarters functions, and by making the Financial Services business a wholly-owned subsidiary (effective April 2021)

Capital Allocation

While steadily increasing dividends, put priority on allocating assets including consolidated operating cash flow (excluding Financial Services) and proceeds from asset sales to a capital expenditures and strategic investments conducive to growth in shareholder value (allocated ¥2.8 trillion, ¥800 billion more than initially planned, due to an increase in allocable capital)

- Capital expenditures: ¥1.2 trillion
  - Allocated mainly to expansion of CMOS image sensor production capacity
- Strategic investments: ¥1.4 trillion
  - Making Sony Financial Holdings a wholly-owned subsidiary: approximately ¥400 billion
  - Making EMI Music Publishing a wholly-owned subsidiary: approximately ¥390 billion (including interest-bearing debt assumed)
  - Repurchase of common stock: ¥300 billion
- Dividends: ¥170 billion
  - Policy of stable long-term dividend growth

<Sources of allocated capital>

- Cumulative three-year operating cash flow (excluding Financial Services): ¥2.6 trillion
- Asset sales: ¥0.2 trillion (approximately ¥150 billion from sales of equity holdings, approximately ¥40 billion from sales of other assets/businesses)

Quantitative Goals

	Financial targets		Result
Cumulative three-year operating cash flow (excluding Financial Services)	¥2.0 trillion or more*	▶	¥2.6 trillion
Return on Equity (ROE)	Maintain 10% or more		FY2018: 27.3% FY2019: 14.8% FY2020: 24.2%

*Raised to "¥2.2 trillion or more" at earnings announcement meeting in April 2019

Hiroki Totoki

Representative Corporate Executive Officer,
Executive Deputy President and CFO

Looking Back on FY2020

The fiscal year ended March 31, 2021 demanded quick action to respond to the COVID-19 pandemic, which brought about dramatic changes to our business environment.

Since business activity was constrained in numerous ways, we had to change how we operated and implement new measures across our businesses. We were impacted in negative ways, such as a decrease in the production of electronics and other products due to shortages in the supply of components, as well as a decrease in box office revenue brought on by theater closures. However, we were also impacted in positive ways, such as higher-than-expected demand in the game and television markets brought on by changes in lifestyles and workstyles such as stay-at-home and remote work. In addition, the manifestation of certain geopolitical risks, especially the implementation of tighter U.S. government export restrictions, had a significant impact on our I&SS business.

Nevertheless, each of our businesses responded flexibly to address the significant changes in the environment that occurred within a short period of time, resulting in record sales and profit for FY2020. Going forward, our business operations will likely require greater flexibility to anticipate changes in the business environment. In that sense, FY2020 taught us many important lessons.

Review of Past Initiatives

Our third mid-range plan, which ended in FY2020, was successful in surpassing our initial goals of growing operating cash flow through stable, high profit, and implementing strategic investment for future growth. Businesses evolve due to decades of work that builds upon itself, and I believe that our previous efforts have begun to yield success as our businesses fit well together.

Let me mention two examples where I see particularly significant change.

The first is in group collaboration, which has become our standard practice. The number of collaborative projects involving multiple business

segments has substantially increased, and initiatives to explore opportunities to create synergy, such as shared use of content IP and technologies across business segments, are becoming a standard means of creating value. Since the first mid-range plan, initiated in FY2012, we have emphasized managing Sony as one group and undertaken initiatives to ensure this by making collaboration across businesses one of the factors on which senior executive compensation is based. As a result, over the past few years, we have improved cross-business understanding of the resources each business maintains and promoted the sharing of expertise. This has led to collaboration now occurring at the grass-roots level across our businesses.

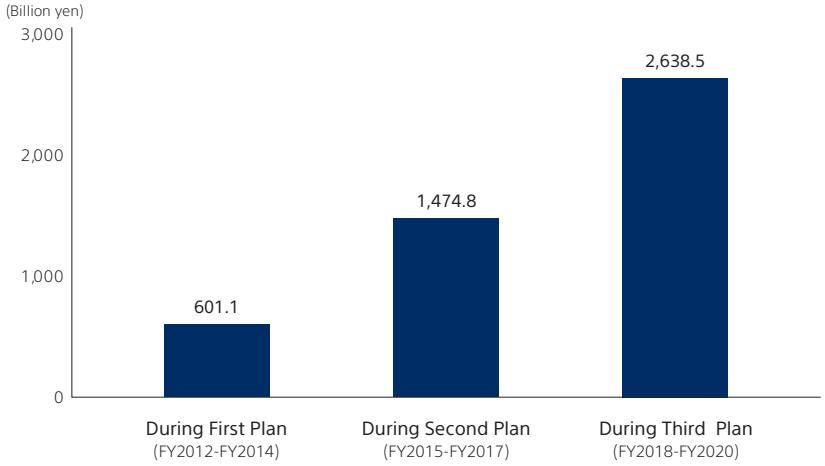
The second example is the growing independence of each business segment, and an increase in the quality of management as a result. Segment leaders have worked to enhance the profit foundations of their businesses through changes in business models and restructuring, and each segment, after spending considerable time deliberating its future, has become capable of rapidly investing for growth under a clear strategy.

These changes are reflected in the trend in operating income margin. Operating income margin is a metric that Sony values highly and being able to consistently generate double digit margins is a substantial achievement. I think that, when running a business, unexpected changes in the environment are inevitable, and businesses with low operating income margins are particularly vulnerable to these changes as they lack investment capacity and are sometimes forced to withdraw from the market. I also think that high profitability reflects high customer approval of a business and, thus, operating income margin is important for this reason as well.

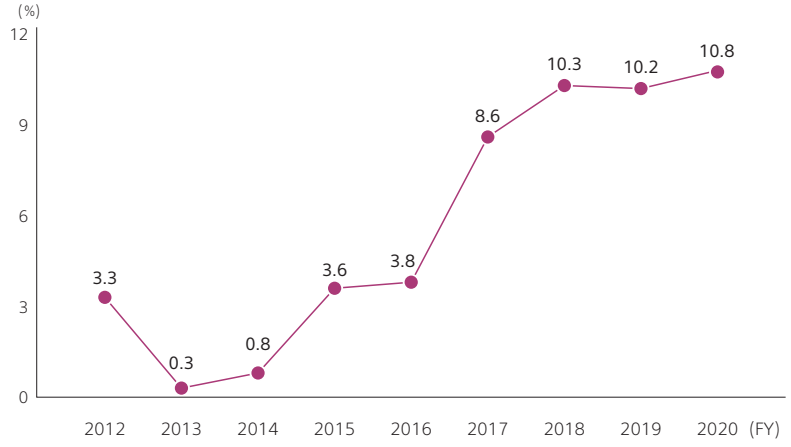
Looking at Sony's evolution from the perspective of financial metrics, we can see that we have entered a virtuous cycle whereby rising customer approval has elevated operating income margins, increased operating cash flow, enhanced our equity capital, and secured greater capacity for investment.

Since April 2021, Sony has enhanced its Group management with a new management structure whereby Sony Group Corporation serves as Group headquarters. The primary role of the new Group headquarters is to promote the evolution of the

Operating Cash Flow Trend (Excluding Financial Services)



Operating Income Margin Over Time



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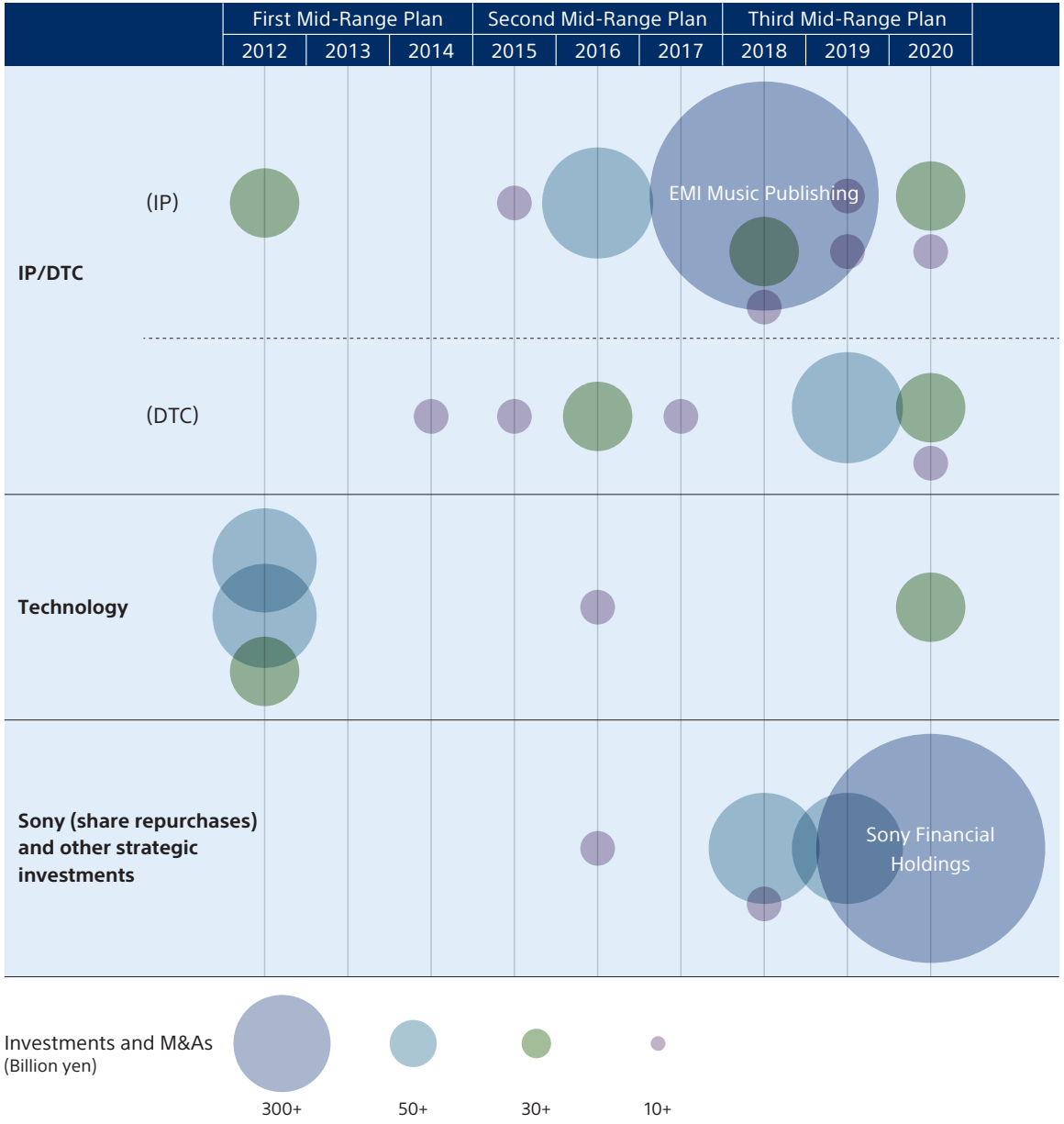
Past Investment Strategies



Group and its businesses by managing human resources, undertaking medium- to long-term R&D, allocating capital, and promoting inter-business collaboration. Because diverse human resources build more diverse businesses, I think that it is necessary to accelerate the trend toward diversity at Group headquarters.

Fourth Mid-Range Plan

Building on our previous achievements, we aim to grow sales and profit in a balanced way during the fourth mid-range plan. To achieve this, each business needs to pursue growth markets and continue rising to new challenges. It bears consideration that pursuing growth markets with future potential will also give us better access to talented people who can lead our businesses in the future. When employees can envision concrete images of themselves and our businesses in the future, they help raise workplace morale, enliven the organization, and cultivate an outstanding organizational culture. When the capital markets also understand this potential for business growth, our corporate value increases as well.

To promote the fourth mid-range plan, we have shared two key phrases inside Sony: “Wise Pivot” and “Exploitation and Exploration for Growth.” These phrases are meant to articulate our goals of maximizing profits in our existing businesses by responding flexibly to change while, at the same time, transforming our business structure into an even more resilient one by incrementally distributing

management resources to new growth areas.

The financial target for the fourth mid-range plan is ¥4.3 trillion of adjusted EBITDA cumulatively over the next three fiscal years. We have adopted adjusted EBITDA as the Group's key performance indicator for two main reasons.

First, the metric can serve as a goal for the entire consolidated group, including the Financial Services segment, which became a wholly-owned subsidiary in FY2020. Second, by using a metric that clearly shows returns from investments over the long term, we can encourage proactive investment and promote the growth of our businesses and their respective returns. EBITDA is a metric that is used in corporate value assessments, so, when each business considers growth scenarios, this metric has the added benefit of making it easier for them to objectively assess the current value of their businesses.

As an additional metric, we are focusing on earnings per share (EPS) to measure shareholder value. To prevent us from being too focused on the short-term, however, we decided, after extensive discussion, not to disclose a specific target for this KPI at the end of the three years. We will monitor this metric closely, as stable growth in EPS over the long term can contribute to the growth of shareholder value and is connected to absolute profit levels.

Another attribute of the fourth mid-range plan is the inclusion of ESG initiatives in the strategies of each of our businesses, such as those that relate to the environment, human resources and human rights. As issues like climate change, income disparity and social division come to influence our businesses

Fourth Mid-Range Plan (FY2021–FY2023) Financial Targets

Financial Targets

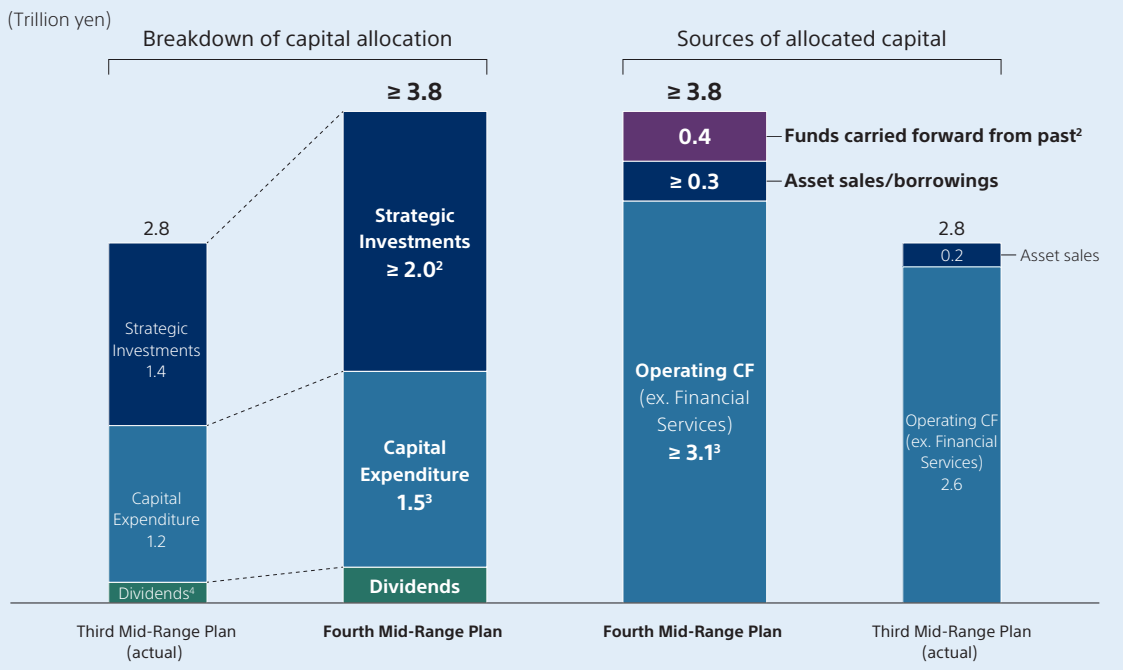
Adjusted EBITDA[1] Three-year cumulative total

¥4.3 trillion

Note: EBITDA and adjusted EBITDA are not IFRS compliant disclosures, but Sony believes that they may be useful to investors.

1. EBITDA is calculated by the formula below. Sony calculates adjusted EBITDA by adjusting EBITDA's constituent line item amounts disclosed in the Financial Statements and Consolidated Financial Results, Presentations, Quarterly Reports and Securities Reports to the extent that Sony deems the amount to be nonrecurring. The Fourth Mid-Range Plan's financial targets were set on an IFRS basis.
   EBITDA = net income attributable to Sony Group Corporation's stockholders + net income attributable to noncontrolling interests + income taxes + interest expenses (net of interest income) - net valuation gain on equity securities + depreciation and amortization (excluding amortization of deferred motion picture production costs capitalized in content assets and amortization of deferred insurance policy acquisition costs)

Capital Allocation (excluding Financial Services)



Note: Fourth Mid-Range Plan covers FY2021-FY2023; Third Mid-Range Plan covered FY2018-FY2020.

2. Improvements in cumulative operating CF for Third Mid-Range Plan from end of 3Q 2020 and delays in cash-outs related to strategic investments already decided.
3. Financial figures in Fourth Mid-Range Plan based on IFRS. Operating CF includes impacts of differences in accounting standards for principal payments for operating lease liabilities and purchases and sales of content assets. Capital expenditure also includes increases in right-of-use assets related to operating lease agreements.
4. Dividend result in Third Mid-Range Plan was approximately 170 billion yen.

more than ever, social expectations that we address these issues continue to grow. It goes without saying that these social issues are also strategic issues for our businesses since they impact their sustainable growth. In drawing up the fourth mid-range plan, both Group headquarters and each of our businesses voluntarily identified issues relevant to them and are addressing those issues as a part of their respective sustainability strategies.

Capital Allocation

Our three-year capital allocation plan shows how we will allocate our consolidated operating cash flow, excluding the Financial Services segment, to strategic investments, capital expenditures, and dividends.

In terms of strategic investments, since the first mid-range plan, which began in FY2012, we have been increasing investment in the priority areas of IP and DTC, technology, and Sony through share repurchases. Over the past nine years, we have invested approximately ¥1 trillion into IP and DTC, our top priority area. As for capital expenditures, we allocated approximately ¥3 trillion, mainly to increase image-sensor manufacturing capacity over the nine-year period. During the third mid-range plan, we allocated ¥1.4 trillion to strategic investments and ¥1.2 trillion to capital expenditures.

In the fourth mid-range plan, we have established a capital expenditure target of ¥1.5 trillion and a strategic investment target of ¥2 trillion or more, to further accelerate investment. Since we have enhanced our financial strength to the point where we can assume debt in a flexible manner while also maintaining our high credit rating, we were able to set a higher investment ceiling in the fourth mid-range plan. Operating cash flow includes dividends from the Financial Services business, and we expect that business will contribute to the growth-investment capability of the Sony Group through a stable increase in its dividends as its profit grows over the mid- to long-term.

Our strategic investments, in order of priority, remain: IP and DTC, technology, and Sony in the form of share repurchases. Regarding the last of these, we will repurchase shares in a flexible and timely manner, emphasizing long-term growth in EPS while also taking into consideration our financial condition and our stock price. In April 2021, we announced the establishment of a facility to repurchase up to ¥200 billion in shares of Sony Group Corporation over the next year. As for dividends, our dividend policy is ensuring the perpetuation of stable dividends.

By outlining our investment priorities, our capital allocation policy provides insight into Sony's business portfolio strategy and our progress toward that strategy, which is always of paramount interest to the capital markets. Consequently, a clear and convincing explanation is vital, and I think that wrestling with the challenges of this responsibility will in turn take our portfolio strategy to the next level.

Dialogue with Our Stakeholders

To increase corporate value, it is of course essential to get the capital markets to understand and appreciate the attractiveness and growth prospects of our business. In this regard, it is essential to maintain dialogue with our diverse stakeholders, including customers and those in the capital markets. We will continue to disclose the strategies that embody our Purpose, our progress toward those strategies, and the results. Your feedback on all of these points is invaluable to us.

Such dialogue is a vital source of inspiration, making us aware of things we were not before and providing us with valuable lessons. I am certain that drawing upon these stimuli to fuel strong growth is one of the key roles of our management team.

SONY

Sony’s new motion logo
https://www.sony.com/en/brand/motionlogo/

Approach to Creating Value and to Stakeholders

Sony's social mission is to create and deliver emotion. For people to be connected through emotion, it is necessary for people, society and the global environment to be healthy. As the Sony Group Code of Conduct states: "It is the core corporate responsibility of Sony to society to pursue its corporate value enhancement through innovation and sound business practices and contribute to developing a sustainable society."

Sony acts with due consideration of the impact of its business activities on stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations, as well as the global environment, and focuses on building trust with stakeholders through dialogue.

Sony's Material Topics

In FY2019, Sony conducted a materiality assessment that incorporated stakeholders' perspectives. The assessment identified "Technology" and "Employees," two key elements common to every business in Sony's diverse portfolio, as Sony's most important material topics that form the foundation of its long-term value-creation. For information on Sony's priorities and main initiatives related to sustainability, including in the realms of "Technology" and "Employees," see Sony's Sustainability Report 2021 in addition to the figure at right.

Sustainability Report > Sony Group's Material Topics
https://www.sony.com/en/SonyInfo/csr_report/

Materiality Assessment Steps

Step 1
Identify and classify candidate topics
Step 2
Assess topics from the perspective of Sony and its stakeholders
Step 3
Specify material topics
Most important material topics: "Technology" and "Employees"

Value Creation Efforts and Specific Actions

Materiality	Value Creation
Technology	• Bond the Group with technology and support the evolution of all businesses • Promote collaborations, connections and growth of engineers beyond business boundaries • Embrace changes in the external environment and promote external collaboration
Employees	• Respect and support each employee's ambition to grow and take on new challenges, and provide a range of experiences and opportunities for each employee to make the most of their diverse individual strengths, skills, abilities and creativity
Corporate Governance	• Establish and enhance corporate governance system that best suits the Sony Group • Manage risks that may cause losses to the Sony Group • Enhance information security management system and activities • Comply with all applicable tax laws and regulations of each country and region where Sony conducts business as well as the common rules and guidance regarding international taxation
Ethics and Compliance	• Foster an ethical culture based on Sony's Values and the Sony Group Code of Conduct • Continuously assess compliance risks in relation to Sony's business activities and review the compliance program based on the results of the assessment • Continuously respond to environmental changes and technological progress related to privacy
Respect for Human Rights	• Continue reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships
Responsible Supply Chain	• Address risks to human rights, labor conditions, health and safety, and the environment throughout the electronics product supply chain
Quality and Services	• Exceed customer expectations of product quality and service, pursue product safety, and improve usability and accessibility, thereby remaining a highly trusted partner to all customers
Environment	• Strive to achieve a zero environmental footprint throughout the lifecycle of Sony's products and business activities in order to realize a sustainable society
Community Engagement	• Under the slogan "For the Next Generation," contribute to the resolution of a wide range of global social issues everywhere Sony does business around the world by making the most of Sony products, content, and technologies

Note: The following are all essential across the Group, but those especially important for each segment are indicated in blue.

Key Materialities for Each Business						Specific Actions
G&NS	Music	Pictures	EP&S	I&SS	Financial Services	
						(G&NS) Ensure our state-of-the-art console and next generation VR system offer consumers the game experiences of the future (Music) Expand technology tools to increase the service and transparency to artists (Pictures) 3D Imaging Technology that can combine various volumetric data sets captured from different angles, producing a single output for multiple uses with true photoreal cinematic quality (EP&S) Technology that supports creators through achieving the 3R values of Reality, Real-time and Remote (I&SS) Advantages in imaging and sensing technologies bring new value creation (Financial Services) Use technology for products and services to increase the sense of security, safety and convenience
						(All businesses) Promote the HR strategy that best suits the needs of each business under the HR-strategy framework to attract, grow and engage unique individuals (All businesses) Promote diversity, equity and inclusion (DE&I) and flexible workstyles (All businesses) Aim for zero injury and zero illness; create safe and healthy workplaces
						(All businesses) Conduct evaluation of the effectiveness of the Board and take actions in response to the results of the evaluation (G&NS) Continue to reliably manage and operate one of the world's leading game ecosystems and network platforms (Financial Services) Ensure that operations are managed soundly and appropriately in recognition of financial businesses' highly public nature; adequately safeguard customers' private information
						(All businesses) Ensure the compliance and privacy programs are implemented with training for, and communication to, employees (All businesses) Operate the Sony Group Ethics & Compliance Hotline (Music) Risk management, creating a fair playing field for artists, and protecting the value of streams (Pictures) Protect both our own IP and partner IP throughout the entirety of the creative process from content creation to distribution (Financial Services) Act ethically and with integrity; comply with laws and regulations as a financial institution
						(All businesses) Continuously monitor and improve measures to reduce human rights risks (All businesses) Consider human rights across the entire supply chain and address human rights risks in the use of AI and other emergent technologies (G&NS, Music, Pictures) Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses
						(G&NS, EP&S, I&SS) Rigorously apply the Sony Supply Chain Code of Conduct to all Sony manufacturing sites and suppliers; avoid contributing to conflicts or serious human rights abuse through conducting due diligence for conflict minerals and cobalt used in products
						(G&NS, EP&S) Enhance customer experience and accessibility for a wide range of users (I&SS) Meet or exceed application-specific industry standards for automotive image sensors and in other fields, in addition to maintaining high quality and reliability (Financial Services) Institutionalize appropriate information provision and post-sale follow-up
						(All businesses) Have all Sony Group operations using 100% renewable electricity by 2040 (G&NS) Improve energy efficiency in hardware and across all network services; continue to reduce plastic use in our packaging; innovate with new ideas through UX lens (EP&S) Take on the challenge of reducing environmental footprint through technology; environmental mitigation throughout product lifecycles from raw material sourcing through collection and recycling of used products (I&SS) Develop environmentally conscious products, and reducing environmental footprint through such means as reducing greenhouse gas emissions and recycling resources in semiconductor manufacturing processes
						(All businesses) Undertake supportive action through the Sony Global Relief Fund for COVID-19 and the Global Social Justice Fund (All businesses) Promote education support activities like the Sony Science Program and KANDO Experience Programs (All businesses) Have each Sony Group company undertake social contribution initiatives to meet the needs of local communities

Focus Strategies: Tackling Climate Change

Goals and Road Map

Sony's operations as a corporation are only possible with the good health of the earth's environment, the foundation for the existence of all life. Now that the threat of global climate change is evident and intensifying, the shift to a decarbonized society is a pressing issue.

Road to Zero, an environmental plan established by Sony in 2010, sets the goal of reducing our environmental footprint to zero by 2050. To address climate change, it also aims to produce zero greenhouse gas (GHG) emissions in both business operations and products throughout their life cycles.

To achieve the goals of the plan by 2050, it is necessary to reduce GHG emissions from electricity use in our operations to zero by 2040 at the latest. To that end, Sony joined the RE100[1] in 2018, and set the goal of increasing the percentage that renewable energy comprises of the total electricity used in our operations to 100% by 2040.

To achieve the Road to Zero goals in climate change, resources, chemical substances and biodiversity, Sony sets medium-term environmental targets every five years, working backwards from the final goals of the plan for 2050. Sony was the first Japanese company to have its climate change targets, set out in its "Green Management (GM) 2020" targets in 2015, approved by the Science Based Targets (SBT) initiative as targets in line with the 2°C target for average temperature increase outlined in the Paris Agreement. In setting the GM2025 targets to be achieved by FY2025, Sony adopted a longer-term perspective and also set climate change targets to be achieved for FY2035, which were also approved as SBTs in line with the 1.5°C target.

1. A global initiative in which participating corporations aim to operate on 100% renewable electricity. It is headed by an international non-governmental organization, the Climate Group, in partnership with the CDP.

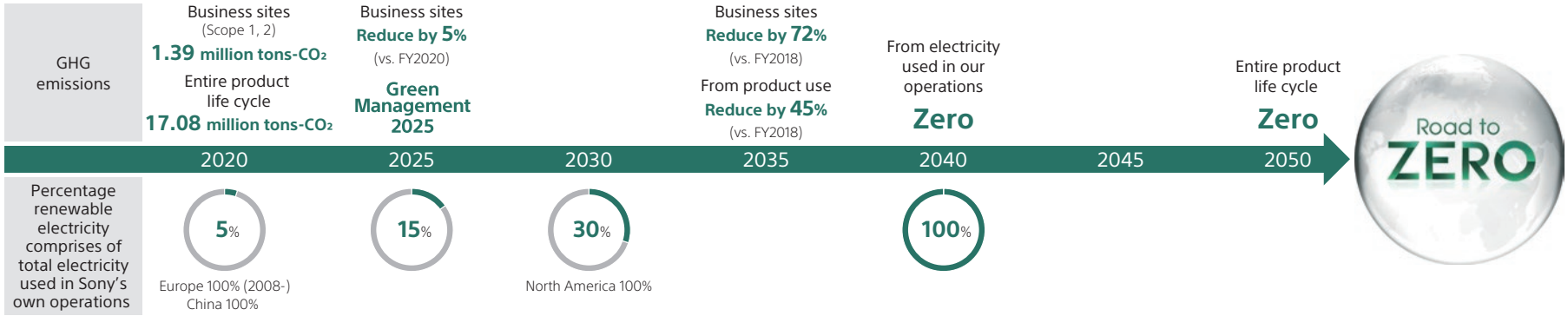
Recognition of Issues and Directions for Initiatives

To establish these goals and draw a road map for achieving them, it is necessary to address many internal and external issues. Japan, with many production sites for the Imaging & Sensing Solutions segment, accounts for approximately 92% of the GHG emissions from Sony business sites worldwide. While it is essential to both conserve energy and introduce more renewable energy at Sony business sites, promotion of renewable energy should be an industry-wide effort, as the introductory cost of renewable energy in Japan is high, making it difficult for consumers to procure it at low cost. Meanwhile, across the entire life cycle of Sony products, GHG emissions are highest among products that consume electricity, with TVs and game consoles accounting for roughly 93% of total emissions from product use. In the past few years, Sony has been incorporating substantial power-reduction technologies into the design of TVs and game consoles, and will continue technological innovation into the future. As GHG emissions are presumably inevitable in the product life cycles of certain segments, new initiatives like CO_2 recovery may be necessary, along with technological progress and infrastructure improvement for society as a whole.

To address these issues, Sony is pursuing two approaches, one in terms of responsibility as a company and the other from the perspective of contribution to society.

In terms of corporate responsibility, Sony endeavors to accelerate the introduction of renewable energy with a focus on: 1) introduction of solar power generators in its offices and plants, 2) purchasing of renewable

Road Map to 2050



energy directly from entities such as power companies, and 3) purchasing of environmental value through renewable energy certificates and the like. As for 1), solar power generators whose installed capacity is roughly 9.9 megawatts[2] in total are operating at Sony business sites around the world. In Japan, such equipment was introduced at the I&SS site in Kumamoto Prefecture, as well as measures such as an intracompany electricity transfer service to utilize renewable electricity between Sony sites and/or from outside Group properties, which was introduced to further accelerate the switch to renewable electricity. We will also be enhancing information disclosure in accordance with the TCFD recommendations[3] and promoting dialogue with our stakeholders.

Concerning social contribution, Sony plans to support innovations in industry and society by making the most of its management resources, developing exemplary applications of advanced technologies, and evolving its technologies, as well as offering various public recommendations for action. For example, the Group's intelligent vision sensors "IMX500/IMX501", equipped with edge AI processing capabilities, is expected to reduce data volume and energy consumption. In September 2020, Sony set up the billion-yen corporate venture capital initiative Sony Innovation Fund: Environment to help support corporations developing new technology for the environment. In April 2021, Sony kicked off the project by investing in SynecO, Inc., established as a wholly-owned subsidiary of Sony Group Corporation, to promote Synecoculture™ [4] and other environmental technologies.

Sony considers the reduction of its environmental footprint to be an important investment for a better future. By stepping up new efforts from the standpoint of corporate responsibility and social contribution, we will help drive our industry and the business community forward.

2. As of March 31, 2021
3. Final report published by the Task Force on Climate-Related Financial Disclosure (TCFD)
4. Synecoculture is a trademark of Sony Group Corporation.

Indicators Pertaining to Foundation for Value Creation

Materiality	Item		Scope	FY2018	FY2019	FY2020
Technology	Research and development expenses (millions of yen)		G&NS	116,308	126,701	144,562
			EP&S	162,836	145,877	134,424
			I&SS[1]	130,929	150,562	168,867
			Corporate R&D	45,918	44,099	43,298
Employees	Number of employees[2]		Entire Group	114,400	111,700	109,700
	Percentage of women in the workforce (%)[2]			34.3	35.6	35.4
	Percentage of management positions held by women (%)[2]			27.3	28.3	28.4
	Employee engagement index (%)[3]			86	85	88
Environment	Greenhouse gas emissions (thousand tons-CO_2)	Scope 1 (direct emissions)	Entire Group	187	188	189
		Scope 2 (indirect emissions)		1,152	1,188	1,204
		Scope 3 (other emissions)		16,403	14,870	17,077
	Percentage of renewable electricity used at own business sites (%)		Entire Group	4.6	4.6	6.7
				2019[4]	2020[4]	2021[4]
Corporate Governance	Composition of Board of Directors		Sony Group Corporation	13	12	11
	Outside Directors			10	9	8
	Women			4 (30.7%)	4 (33.3%)	4 (36.4%)
	Non-Japanese nationals			3 (23.1%)	4 (33.3%)	4 (36.4%)
	Composition of executives[5,6]		Sony Group Corporation	41 (2)	42 (2)	26 (2)
	Women			3 (7.3%)	3 (7.1%)	3 (11.5%)
	Non-Japanese nationals			5 (12.2%)	6 (14.3%)	6 (23.1%)

1. Research and development (R&D) expenses in the I&SS segment for FY18 and FY19 are reclassified to conform to the scope of R&D expenses for FY20 due to a change in the scope of expenses included in R&D expenses of the I&SS segment in FY20. As a result of this reclassification, its R&D expenses have increased by ¥6,714 million in FY18 and ¥7,082 million in FY19 compared to the amount before the reclassification. This change in scope of R&D expenses does not affect Sony's consolidated R&D expenses or operating income of the I&SS segment for FY18 and FY19.
2. Totals are based on data provided by Sony Group companies as of the end of each fiscal year (March 31). The definition of "manager" varies by country, region and company
3. Percentage of employees who did not give an unfavorable response to four questions regarding employee engagement
4. As of end of August for each year
5. Chairman, Vice Chairman, President, Executive Deputy Presidents, Senior Executive Vice Presidents, Executive Vice Presidents, and Senior Vice Presidents
6. Number in parentheses refers to the number of people who concurrently serve as director

Game & Network Services

Business Vision

To Be “The Best Place to Play”

Value Created

① Enriching people’s hearts through the delivery of emotional experiences

Providing “The Best Place to Play,” where new, fulfilling experiences and diverse forms of communication become possible. Creating communities where users and creators can connect and interact.

② Helping creators realize their dreams

Platforms that provide creators with an environment that enables them to fully share their creative vision and innovation with the world.

Ratchet & Clank: Rift Apart ©2021 Sony Interactive Entertainment LLC. Created and developed by Insomniac Games, Inc.
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Market Position and Business Strengths

- World-leading game ecosystems and network platforms
- Position as the best-selling videogame home console brand ever[1]
- Extensive investment and company acquisitions have built a portfolio of leading global game development studios and flagship franchises
- PS5™ unit sales in the fiscal year of launch exceeded those of PS4™ in the fiscal year of launch and PS5™ has surpassed 10 million cumulative units sold, making PS5™ the fastest selling console in SIE history[2]
- Brand power of PlayStation® cultivated through the accumulation of user trust and the sharing of technology and know-how with creators
- Establishment of loyal game communities that connect users and creators
- End-to-end planning and development capabilities that bring together devices, technologies and business models, and global sales capabilities

- PS4™ hardware cumulative units sold globally: more than 116.4 million[3]
- PSN monthly active users: 104 million[4]
- PS Plus paid subscribers: 46.3 million[3]
- PS Now subscribers: 3.2 million[5]

Understanding Business Environment (Opportunities and Risks)

- Increasing demand for content and innovation in how people connect through networks
- Diversification in how games are enjoyed and content is accessed
- Enhancement of software accessibility functions
- Evolution of hardware, cloud computing, etc., and spread of open innovation
- Competition with players from other industries in building ecosystems and establishing platforms
- Growing amount of data and evolution of data analytics
- Importance of new engagement style that fits users in new normal world

Material Topics in the Foundation for Creating Value

- **Technology**: Ensure our state-of-the-art console and next generation VR system offer consumers the game experiences of the future
- **Employees**: Continue to enhance productivity through more flexible working approaches
- **Information security**: Reliable management and operation of one of the world's leading game ecosystems and network platforms
- **Responsible supply chain**: Addressing environmental and human rights risks in the context of global supply chains
- **Product quality and customer service**: Enhancing customer experience and accessibility for a wide range of users
- **Environment**: Improving energy efficiency in hardware and across all network services; continuing to reduce plastic use in our packaging; innovating with new ideas through UX lens
- **Respect for human rights**: Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses

Strategic Key Points

- **Provide new gaming experience leveraging the speed, haptics, and sound of PS5™**
- **Roll out game software at an increasing rate and enhance the lineup of special PlayStation® titles**
- **Expand user communities, improve usability, and bolster data analysis as measures to enhance user engagement**

Strategically Emphasized Indicators

- PS5™ hardware units sold globally
- PSN monthly active users
- PS Plus paid subscribers
- Total gameplay hours

1. GUINNESS WORLD RECORDS® title certified as "Best-selling videogame home console brand ever." Estimated 450.19 million units sold based on VGChartz figures as of 7 November 2019.
2. As of July 18, 2021, sell-through base 3. As of June 30, 2021 4. As of June, 2021. Estimated active users based on SIE research 5. As of March 31, 2021

Business Strategies

Background to Strategies

The cumulative PS4™ hardware unit sales, high numbers of monthly active PSN users and paid subscribers to PS Plus, and record-breaking PS5™ hardware unit sales of 7.8m units in its fiscal year of launch, together demonstrate that PlayStation® is one of the world's leading game ecosystems and network platforms.

The ever-expanding gaming market continues to undergo various changes, including growth of F2P games, intensifying competition from online PC games and players from other industries, diversifying revenue streams, and evolving technology. In such an environment, Sony Interactive Entertainment (SIE) intends to make proactive investments to reinforce

content IP, and to work to raise brand value, while fostering communities and user engagement. In doing so, it will enhance the DTC services that get closer to users, and strive to further innovate and evolve the platform.

Strategic Direction

Our growth strategy consists of prolonging the engagement with the PS4™, building the PS5™ into the largest gaming platform in history, and pursuing initiatives for further growth.

Through introducing new technologies in speed, haptics and sound, we can further improve on the exclusive experience available on the PS4™, and continue to establish the PS5™ as a truly next-generation console by providing exclusive game experiences that were not possible before. In addition to PS5™ game titles by first-, second-, and third-party developers, we will continue to offer a compelling title line-up for the PS4™.

In executing these strategies, great emphasis will continue to be placed on user engagement. SIE plans to continue to deliver an advanced, interactive gaming experience unique to the PlayStation® platform. At the same time, SIE aims to create a better user experience, improve usability, strengthen its use of data analysis, and further enhance the appeal of its network services. Making the best use of new and existing partnerships while driving growth of our business will be important for achieving further expansions in scale. Through maintaining the momentum and ecosystem that PS4™ has built, we will continue smoothly transitioning to the PS5™.

As a new initiative for further growth, first of all we make further investments in 1st-party studios, a major growth driver, and strengthen deployment of 1st-party titles on PC, mobile, and Game as a Service platforms. For expansion in China, we are considering strengthening local content and forging collaborations with local game production companies. We also plan to increase sales through PlayStation Direct as a new distribution channel for connecting directly with users. In terms of our cloud strategy, we will make use of the knowledge gained from PS Now, and as the service continues to grow, we will focus on both strength of content and improved streaming capabilities. We will also be providing new immersive experiences through our next-generation VR system. As for the long-term outlook for social communities, we expect to evolve from the current console-centric ecosystem to a world in which many elements of the community transcend consoles.

SIE aims to achieve robust revenue growth by accelerating the virtuous cycle that has been established for the platform of PlayStation®. This entails continually driving active users and play time, enhancing network services and reinforcing content IP so that consumers select PlayStation® as their platform of choice. Targeted outcomes include maintaining a strong active user base, creating more opportunities for monetization, and a shorter cash conversion cycle, from which expanded cash flow can be expected.

Initiatives to Strengthen Foundation of Value Creation

Strengthening Employee Engagement to Make SIE the Best Place to Work

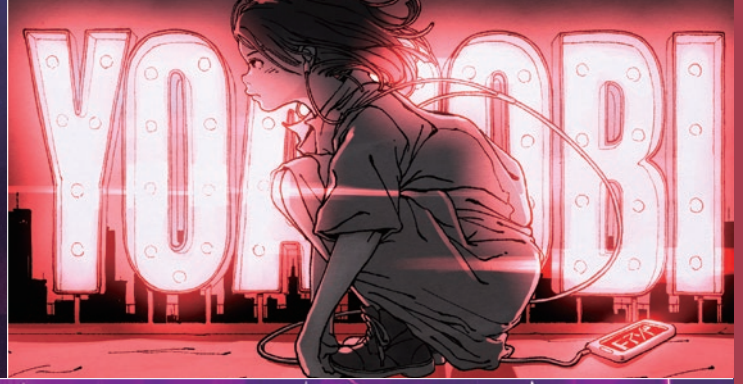
As social structures and working styles continue to evolve, competition for talent in the game industry is intensifying. The growth strategy after the launch of the PS5™ recognizes that to build a new ecosystem, unprecedented employee abilities and skills are increasingly indispensable.

In such an environment, SIE is working to strengthen engagement activities with employees in order to recruit employees with diverse values, deploy their capabilities, and grow with the aim of becoming the “Best Place to Work.” Priority areas include diversity, equity & inclusion (DE&I) initiatives, post-pandemic working styles, performance management, globalization, and the fostering of next-generation leaders.

DE&I activities are predicated on eNets (Employee Network groups), which are driven by SIE employees around the world taking the initiative. Our eNets play a major role in ensuring that the experiences, perspectives, and potential barriers faced by employees are understood and appreciated. These ensure that each employee’s individual voice is heard and valued, contributing to an environment of empowerment that promotes the growth of each employee and in doing so maximizes the power of the global team as a whole.

One of the working styles we are considering introducing after the pandemic is a hybrid of remote and conventional work called Flex Modes, which we are designing to incorporate the benefits of both face-to-face collaboration and remote work flexibility.

As for performance management, in FY2020 we overhauled the comprehensive personnel cycle of goal setting, performance appraisal and career development. By identifying and rewarding with accountability the achievements of individuals and teams, each management team will increase engagement while contributing to long-term business growth.



Music

Business Vision

- Be the most artist-friendly, employee-friendly company, committed to three core values: artistic integrity, transparency, and entrepreneurship
- Work at the intersection of music, entertainment, and technology to drive creative career development and optimize artist and songwriter revenue
- Expand Sony Music's value proposition by investing in areas that diversify revenue streams and offer artists, songwriters and video/anime creators at any level access to a comprehensive array of capabilities that can help them grow their career
- Provide competitive advantages for artists through multiplatform One Sony collaborations that create high-quality, technology-driven entertainment opportunities unique to Sony

Value Created

① Enriching people's hearts through the delivery of emotional experiences

Music is a fundamental part of the human experience and Sony Music is focused on moving people emotionally through its creative endeavors and technological innovation. Sony Music works with its artists, songwriters and video/anime creators to produce highly compelling music entertainment that fans form powerful emotional and cultural connections with throughout their lives.

② Helping creators realize their dreams

Sony Music is firmly committed to being a well-rounded global partner to artists and songwriters that can drive development in every aspect of their careers while working to protect their rights and ensure that they can earn the recognition they deserve. Through synergies within the Sony Group, Sony Music provides creators with transformative opportunities across diverse fields, media and platforms.

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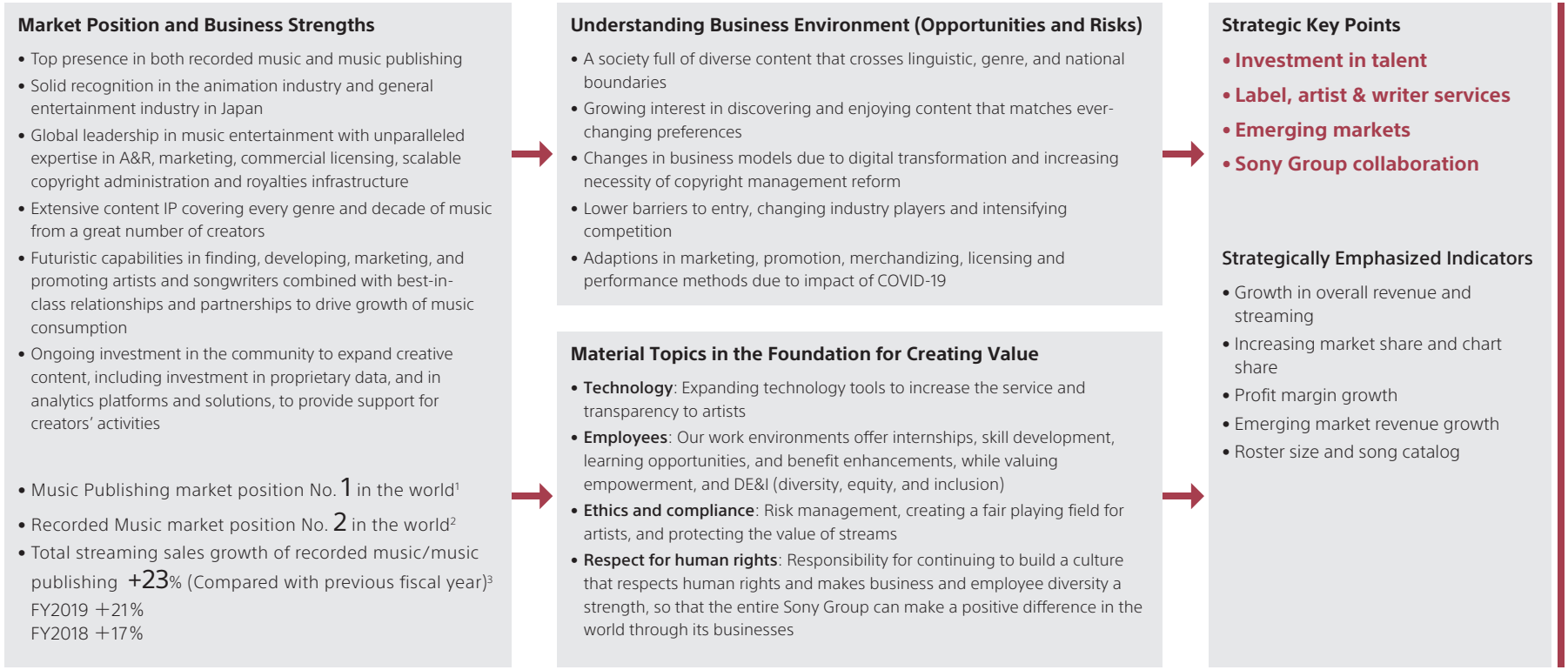
Market Position and Business Strengths
• Top presence in both recorded music and music publishing
• Solid recognition in the animation industry and general entertainment industry in Japan
• Global leadership in music entertainment with unparalleled expertise in A&R, marketing, commercial licensing, scalable copyright administration and royalties infrastructure
• Extensive content IP covering every genre and decade of music from a great number of creators
• Futuristic capabilities in finding, developing, marketing, and promoting artists and songwriters combined with best-in-class relationships and partnerships to drive growth of music consumption
• Ongoing investment in the community to expand creative content, including investment in proprietary data, and in analytics platforms and solutions, to provide support for creators' activities
• Music Publishing market position No. 1 in the world1
• Recorded Music market position No. 2 in the world2
• Total streaming sales growth of recorded music/music publishing +23% (Compared with previous fiscal year)3
FY2019 +21%
FY2018 +17%
Understanding Business Environment (Opportunities and Risks)
• A society full of diverse content that crosses linguistic, genre, and national boundaries
• Growing interest in discovering and enjoying content that matches ever-changing preferences
• Changes in business models due to digital transformation and increasing necessity of copyright management reform
• Lower barriers to entry, changing industry players and intensifying competition
• Adaptions in marketing, promotion, merchandizing, licensing and performance methods due to impact of COVID-19
Material Topics in the Foundation for Creating Value
• Technology: Expanding technology tools to increase the service and transparency to artists
• Employees: Our work environments offer internships, skill development, learning opportunities, and benefit enhancements, while valuing empowerment, and DE&I (diversity, equity, and inclusion)
• Ethics and compliance: Risk management, creating a fair playing field for artists, and protecting the value of streams
• Respect for human rights: Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses
Strategic Key Points
• Investment in talent
• Label, artist & writer services
• Emerging markets
• Sony Group collaboration
Strategically Emphasized Indicators
• Growth in overall revenue and streaming
• Increasing market share and chart share
• Profit margin growth
• Emerging market revenue growth
• Roster size and song catalog

1. As of 2020 (source: Music & Copyright) 2. As of 2020 (source: IFPI) 3. Including EMI, year-round basis

Business Strategies

Background to Strategies

Music is a core human expression that reflects and informs world trends, societal conditions, and personal identities. Sony Music artists have shaped culture, lifted communities, and made history. Amid the global pandemic, there have been many inspiring examples of how artists and music helped to provide relief for people in trying times.

While methods of accessing and enjoying music content are continually changing and evolving, the value of the content remains unchanged, and music content is set to become increasingly significant as the importance of content IP is increasing across all forms of media. From the viewpoint of creators, more sophisticated content management and protection of rights are urgent issues.

Under these circumstances, Sony Music intends to leverage Group synergy and technologies to get closer to artists and users, strengthen content IP and accelerate growth.

Strategic Direction

In order to drive shared growth and expanded opportunities across all aspects of the music business, Sony formed the Sony Music Group (SMG) in 2019 to maximize the collective power of Sony's world-class recorded music and music publishing companies while maintaining the unique identity of each company.

In recorded music, Sony Music's creative strategy is focused on building on its increased investment in artist signings and creative staff to continue expanding the discovery and development of local talent around the world in the most popular genres. It also plans to continue to grow its operations in key emerging markets and accelerate its release flow to further grow its market share and maximize its opportunities in streaming music. Sony Music aims to further grow revenue, market share and repertoire through services The Orchard offers to independent labels and artists, and through continued investment in areas that expand its value proposition and capabilities as an indispensable partner to artists at any level. Our planned acquisitions of Som Livre and AWAL will help us accomplish these strategic goals.

In music publishing, Sony Music Publishing (SMP)'s mission is to remain the destination for the world's best songwriters. By continuing to offer an unrivaled level of service across the company's creative, licensing and administration operations, SMP is reinforcing its position as the #1 global music publisher.

SMG is leading the industry with artist-friendly initiatives to increase transparency and remuneration to artists and songwriters. These include successful launches in the recorded music space of Real Time Royalty reporting and Cash Out for artists, and in the area of music publishing, of a new process for royalty distribution through its SCORE app. To further support the careers of songwriters, SMP is maximizing licensing revenue through its international Synch licensing network, which represents both legacy and modern song catalogs. With the goal of continuing to attract and retain top talent, SMP is diversifying its investments in songwriter discovery and development through innovative partnerships, as well as extending its global reach with a broader presence within the U.S., Africa, Colombia, India and Indonesia.

In visual media and platform, Sony Music plans to accelerate the multifaceted rollout of content IP while enhancing music and animation content IP to create and maximize the success of hits. It will aim to build its content portfolio by strengthening diverse strategies across user touchpoints such as mobile games, animated TV broadcasts, movies, video packages, and live events. In the area of anime content in particular, it plans to intensify overseas expansion by leveraging synergies within the Sony Group, centered on the video distribution platform.

Initiatives to Strengthen Foundation of Value Creation

Contribute to culture with rich racial and social diversity

SMG's partners, including artists, songwriters and employees, want to make an impact on social and racial justice issues in their respective communities. As ambassadors for an art form that is empowering, inspiring and healing, SMG has a responsibility to support them in these endeavors. In 2020, despite the influence of the global pandemic, SMG sought to drive sustainability and social impact by bringing people together in virtual space, providing forums for education in, and discussion of, social justice and anti-racism. As a result, through Sony Global Relief Fund for COVID-19 and Global Social Justice Fund, SMG created task forces from every division to initiate multiple plans to combat inequality.

Further, SMG created its Diversity, Equity and Inclusion Division as well as the Office of Social Impact and Philanthropy to continue and direct the Company's diversity, equity and inclusion activities and business practices. Under their supervision, SMG will continue to carry out various initiatives, past examples of which include donating 25 million USD to more than 300 organizations around the world, developing racial and social justice task forces from every SMG division worldwide, and introducing diversity programs.

SMG believes diversity across all identities drives innovation, and it is committed to fostering an environment that is inclusive and empowering. For instance, it hosts weekly mental health programs and counseling sessions led by gender- and race-appropriate therapists and experts, and its Employee Network Groups have continued to support the mobilization of SMG's DE&I efforts via summits, employee town halls, and other efforts. Last year, SMG also began rolling out anti-bias education.

Pictures

Business Vision

Produce and distribute world-class movie, television, video and mobile game entertainment to consumers globally around Sony IP and/or serve specific communities of interest

Value Created

① Enriching people's hearts through the delivery of emotional experiences

By getting closer to creators and people, Sony Pictures Entertainment (SPE) values global audiences, delivering relevant and high-quality content to elevate entertainment and help spark shared emotional experiences through movies, television production, network businesses and Over-the-Top (OTT) services reaching anime fans, faith and family audiences, and many more.

② Helping creators realize their dreams

SPE is uniquely positioned to be the best place for creators to create. The studio's independence as a producer enables it to make quality content with top talent for any audience around the world, and showcase that content on any platform to create the greatest impact.

Market Position and Business Strengths

- Position as the only independent major Hollywood studio is a considerable competitive advantage, evidenced by landmark output deals with Netflix and Disney
- Ecosystem for creators to develop visual content and reach viewers: access to talent, music, data analytics, studio facilities, marketing, distribution and existing IP to build upon
- Strong IP: SPE holds rights to a vast universe of Spider-Man related Marvel characters; extensive library of proprietary IP; increased focus on materials and franchises based on familiar IP
- Position within the Sony Group structure that enables synergies among Group segments, such as SIE and SME, as well as access to Sony's vast technology expertise

- Sony Pictures Entertainment Library Titles*

  -Movies: Over 3,500 titles

  -TV series: Over 275 titles

Understanding Business Environment (Opportunities and Risks)

- Large-scale consolidation in industry
- Combination of high-speed connectivity, machine learning and hardware advances popularizing immersive reality experiences
- AI, connectivity and ubiquity of screens creating easier access and better personalization of content to meet increasingly diverse tastes
- Methods to view, access and experience content will continue to multiply, thereby increasing importance of story, IP ownership (characters) and relationships with creators

Material Topics in the Foundation for Creating Value

- **Technology**: 3D Imaging Technology that can combine various volumetric data sets captured from different angles, producing a single output for multiple uses with true photoreal cinematic quality
- **Employees**: Working creatively and collaboratively across teams to support the creation of high-quality content with top talent for audiences around the world
- **Ethics and compliance**: Protecting both our own IP and partner IP throughout the entirety of the creative process from content creation to distribution
- **Respect for human rights**: Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses

Strategic Key Points

- **Expand new and existing content IP and build franchises**
- **Grow communities of interest, such as those for animation, children, and local markets**
- **Accelerate filmmaking with an eye to the reopening of theaters and expansion of the streaming market**
- **Offer location-based entertainment (LBE)**

Strategically Emphasized Indicators

- Feature film productions: 31*
- Television productions: 120*

*Result for FY2020

* As of March 31, 2021

Business Strategies

Background to Strategies

The entertainment industry has undergone a rapid and fundamental transformation in recent years. Unprecedented consolidation has occurred, with companies acquiring content creation entities to further strengthen their proprietary ecosystems. The battle for the consumer, empowered by technology and choice, is the new focus of these newly-created organizations. Providing entertainment to the consumer, for these companies, is in service of their respective strategic product or service priorities – from devices, to commerce to connectivity. These companies continue to invest in their content offerings by leveraging their vast capital and technical resources on a global scale.

As an independent, talent-friendly studio supplying content to all large players, SPE can maximize the creative freedom that leading industry creators seek, as well as capture the value derived from unique content and IP. SPE provides general entertainment content to the large companies competing for consumers. In addition, SPE is focused on serving communities of interest – such as anime fans – by creating and aggregating content to address their passions.

To position SPE to take advantage of new opportunities in an evolving marketplace, adjustments continue to be made to bring about a stronger and more agile organization. Strong financial discipline is maintained by controlling costs and managing creative and financial risks.

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Strategic Direction

SPE's growth strategy is based on four pillars:

1. Strong IP
2. Strength as an independent studio
3. A rich library of content
4. One Sony collaboration

The first strategic pillar is SPE's strong and valuable IP that lends itself to 360-degree monetization across all platforms. In addition to key film franchises and key television IP, assets include more than 900 Marvel characters to which SPE holds the rights, that can be exploited and expanded across various platforms. Furthermore, we continue to pursue various options to both invest in creative talent and innovative projects in order to build new IP, and to grow our LBE business and license major IP in order to deliver immersive experiences worldwide.

Second, independence as a producer of scale enables SPE to produce quality content with top talent for audiences around the world, and showcase that content on any platform to create the greatest impact, because it is not locked into an owned subscription video-on-demand service or network platform. SPE will continue to grow and diversify communities of interest oriented around animation, faith and family offerings, and local markets.

Third, companies seeking to establish and take a leadership position with their own streaming services in the ongoing competition for consumers are generating increased demand for premium content. This will continue to present an attractive opportunity to monetize SPE's extensive content library of movies and television shows.

Fourth, SPE has a unique advantage by virtue of its place within the broader Sony Group alongside music, games, electronics and technology. There is renewed emphasis and momentum devoted to cross-segment collaboration.

Initiatives to Strengthen Foundation of Value Creation

Expand and diversify talent pipeline to broader audiences

SPE continues to expand and diversify its talent pipeline to produce more diverse content and deliver experiences to broader audiences. This goal continues to be an important focus as the studio produces quality content with top talent for diverse audiences around the world, showcasing that content on any platform to create the greatest impact.

SPE is actively finding ways to expand the pipeline for diverse stories and talent of all backgrounds, with innovative and impactful programs such as the following.

First are the Diverse Directors and Diverse Writers Programs: two great programs created to expand opportunities for creative talent. These are professional development programs that provide hands-on experience for Creators from diverse backgrounds, providing them with opportunities to network as well as hone their skills through discussions with industry professionals. The television group has recently launched the Rising Storytellers Search, a competition seeking emerging voices and female-centric stories. Cine Sony, SPE's premier movie channel for bi-cultural U.S. Latino audiences, partnered with the National Association of Latino Independent Producers on an annual short film program for aspiring Latinx filmmakers called New Voices. Most recently, the studio signed a unique first-look deal with Jeff Friday Media, founder of the American Black Film Festival, whereby the studio will be offered first consideration for narrative feature films submitted to the festival, and access to emerging filmmakers.

Electronics Products & Solutions

Business Vision

Continue to deliver *Kando* and *Anshin* to people and society across the world through the pursuit of technology and new challenges

**Anshin* is a Japanese word with various meanings such as peace of mind, reassurance, reliability and trust.

Value Created

(1) Enriching people's hearts through the delivery of emotional experiences

Evolving toward a world of Remote production, low-latency delivery of high-definition video and high-fidelity sound in pursuit of the Sony hallmarks of Reality and Real-time. Creating a 3R (Reality, Real-time, Remote) environment in which users can enjoy prime content and immersively experience and share diverse new worlds, unconstrained by any geographic distance.

(2) Helping creators realize their dreams

Supporting creators in finding their creative voice and fulfilling their potential by providing the products, services, and spaces they need to express their vision and maximize the value of their time.

(3) Contributing to society through the delivery of safety, health and reliability

Contributing to progress in infrastructure and industry in the fields of medical care and communication in support of a society in which everyone can enjoy healthy lives filled with *Kando* and *Anshin*.

Market Position and Business Strengths

- Recognized and esteemed as a high-end, high-value-added premium brand
- Market presence that propels each business forward, such as top share* of the full-size SLR-camera market and solid position in the premium TV-set market
- Differentiated technological assets and technological platforms in terms of images, sound and communication (integration of core technologies in light sources, sensing, display and communication: CMOS image sensors, 360 Reality Audio for experiencing a three-dimensional sound field, and 5G communication technology in collaboration with I&SS)
- Creator-oriented product design and development infrastructure operated in cooperation with the Group's entertainment businesses
- Organizational robustness and flexibility to seamlessly manage development, production, distribution and sales among Group companies

Understanding Business Environment (Opportunities and Risks)

- Increasing uncertainty in climate, politics, economy, society, technology and many other aspects
- The impact of the pandemic was broad and deep, and geopolitical risks and the impact on supply chains grew
- New opportunities arising from new lifestyles, workstyles and changes in consumer behavior
- Greater hope for new social situations such as interaction in virtual spaces and technological innovations in the next generation of communication
- Rapid growth in XaaS and the data economy, such as remote solutions and cloud services

Material Topics in the Foundation for Creating Value

- **Technology**: Technology that supports creators through achieving the 3R values of Reality, Real-time and Remote; fusion of conventional technology with 5G and subsequent communication technology
- **Employees**: Creating a corporate culture in which people with diverse backgrounds can express their abilities to the fullest
- **Responsible supply chain**: Addressing environmental and human rights risks in the context of global supply chains
- **Product quality and customer service**: Enhancing customer experience and accessibility for a wide range of users
- **Environment**: Take on the challenge of reducing environmental footprint through technology; environmental mitigation throughout product lifecycles from raw material sourcing through collection and recycling of used products

Strategic Key Points

- **Imaging Products & Solutions (IP&S): Offer Reality, Real-time and Remote value through premium cameras and create environments supporting creators' output and artistic expression**
- **Home Entertainment & Sound (HE&S): Continue to offer products that propel the premium market and rise to the challenge of creating new visual and audio expressions along with creators**
- **Mobile Communication (MC): Maintain a stable profit structure, enhance products packed with cutting-edge technologies, and collaborate within and outside the Sony Group to create new customer value with 5G technology**

Strategically Emphasized Indicators

- Medium-term target: 10% operating profit margin in core businesses

* Market share by revenue as of July 31, 2021. Source: Sony

Business Strategies

Background to Strategies

Sony Corporation, which was launched in April 2021, works to create value based on its management principle of creating new futures together with various creators, in pursuit of its Vision (see Business Vision), which is based on the Sony Group's Purpose.

EP&S anticipates that all aspects of the business environment, including climate, politics, the economy, society and technology, will continue to change in FY2021 and onward. While the pandemic seriously affected the world, entertainment remained an important element of people's lives, and new lifestyles and workstyles created various business opportunities, such as in remote solutions and cloud services.

In this kind of business environment, EP&S will work toward stable, sustainable growth, positioning profit and growth as its two management axes. On the profit axis, EP&S expects to maintain, and even increase, profitability by further strengthening operational capabilities and high-value-added products in its core businesses. On the growth axis, EP&S plans to proactively explore new business areas and create growth businesses not only by integrating business and technology assets throughout the Sony Group, but by looking outside Sony and collaborating with external partners.

Strategic Direction

EP&S's core businesses and pillars for profit are imaging, mobile, TV sets and audio, areas in which it has developed lines of attractive, high-value-added products

and enjoys high customer esteem. In the third mid-range plan we firmly reinforced the operations and created a structure that generates profit without requiring major increases in scale.

Sony Corporation, which was formed through the integration of three Group companies, manages various businesses on shared platforms and enjoys strength in touchpoints with a broad range of customers. Working to enhance its technical capabilities and creativity through horizontal cooperation across all organizations and business areas, EP&S will aim to create products and services that exceed the imaginations of its customers, leading to new value creation.

A specific example is the production of high-definition motion pictures linking the VENICE CineAlta camera, the mirrorless Alpha series of shooting equipment, and Crystal LED technology for higher fidelity to reality in visual expression, offering virtual production solutions to meet the surging need for virtual video productions in the pandemic environment.

As examples of inter-business partnerships and co-creations, EP&S offers the Camera Remote software development kit (SDK) to customers who want to integrate cameras in their own services and systems, cloud-based image editing and immediate delivery service using customer-generated metadata, and high-speed 5G transfer of video footage with the Xperia PRO smartphone. In sports EP&S has been helping to make events possible despite the pandemic, using Hawk-Eye Innovations' play analysis technology, adopted by Major League Baseball in the U.S., and "Hawk-Eye Live" ELC (Electronic Line Calling), employed by the U.S. and Australian Open tennis tournaments. EP&S will provide coaching using various data services for viewer and fan engagement, and has taken on the challenge of creating new kinds of sports entertainment, such as video virtualization.

The Nuro high-speed fiber-to-the-home (FTTH) service provided by Sony Network Communications is enjoying high customer evaluations for the *Anshin* it brings by remotely connecting people. As society shifts to more remote operations and practices, EP&S plans to accelerate the growth of the entire business by improving the quality of reliable, high-speed communication services, expanding its business territory, and offering new services.

In the mobile business, in addition to Xperia™ smartphones which integrate Sony's differentiated technologies such as cameras, TVs, audio technology, and games as well as 5G, EP&S will play an important role in mobilizing radio communication technologies to build infrastructure. As seen in various demonstration projects and the Vision-S initiative, which apply communication and antenna technologies accumulated over many years to autonomous driving in a 5G environment, EP&S will continue starting and operating new businesses in the mobility market. In thinking of the car cabin as an entertainment space, it is working to offer premier mobility experiences making full use of its strengths in audio-visual technologies.

In the medical business, EP&S has introduced flow cytometers, which are important in life science research and now in use at premier medical institutions and research facilities worldwide. Anticipating research progress in the field of precision medicine, including cellular therapies, EP&S will contribute to society in the life sciences field by generating detailed cell information via core technologies such as microfabrication, optical and laser technology, signal-processing analysis technology, and organic synthesis.

Initiatives to Strengthen Foundation of Value Creation

Technology and Product Development to Reduce Environmental Footprint

Addressing climate change and other environmental issues is an urgent task around the world and a high priority for the entire Sony Group. The EP&S business in particular plays a major role in reducing carbon dioxide emissions from customer use of our products, as well as decreasing the consumption of natural resources for our products. Reducing the environmental footprint of TV sets, which are getting bigger and higher in image quality, poses a great challenge. We are putting forth focused effort to achieve Group-wide goals to reduce the amount of virgin plastic used in each product unit by 10% and annual power consumption by 5% from the FY2018 level by FY2025. In addition, we are working to introduce recycled plastics and try to avoid using plastic in our packaging of smaller products. We are also accelerating the introduction of renewable energy on our business sites. In FY2021 we plan to install solar panels on our factories in Malaysia and at Koda TEC in Aichi Prefecture.

Respect for Diverse Values: Diversity, Equity and Inclusion (DE&I), and Accessibility

Diversity is a value cherished by the entire Sony Group as a whole. We believe *Kando* and *Anshin* can only be truly provided when we respect diverse values and broaden accessibility using technology to overcome any constraint related to age, physical condition or ability, environment or other factors.

Respecting the different perspectives that arise from diverse values while taking on the challenge of creating new value is in Sony's DNA; it is our source of innovation. One of our DE&I priorities is promoting the employment of women in Japan. To that end, Sony Corporation and EP&S business firms in Japan set targets for the percentage of women in management positions, active use of maternity leave and paid vacations. Going forward, we will continue to cultivate a corporate culture in which employees of diverse backgrounds can utilize their respective abilities to the fullest.

To broaden accessibility we are pursuing an initiative to use input from people with disabilities, such as visual impairments, to improve products based on their experiences in using them over time. In developing new products we consider how to enable anyone to enjoy them. A case in point is a carriable wireless speaker that enables clear access to TV audio even from a distance. Through continuous effort to improve the accessibility features of our products we will achieve better user experiences, leading to more *Kando* and *Anshin*.

Imaging & Sensing Solutions

Business Vision

Spark imaginations and enrich society by bringing inspiring, intelligent, and reassuring solutions that push the boundaries of image quality and cognition with transcendent imaging and sensing technologies

Value Created

① Enriching people's hearts through the delivery of emotional experiences

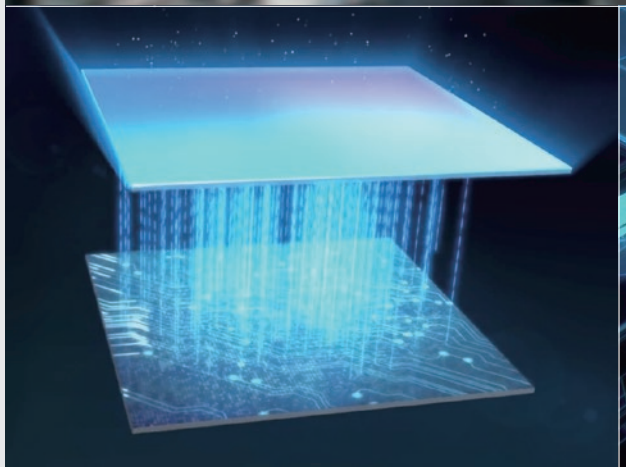
Our cutting-edge imaging and sensing technology enables Reality and Real-time in communication and generates comfort and excitement. We create opportunities for people to enhance their sensitivity to the world and share their excitement and joy.

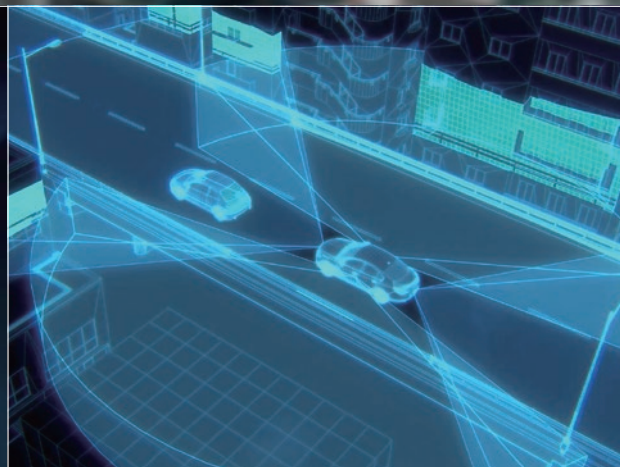
② Helping creators realize their dreams

Through the provision of data obtained through imaging and sensing, we enable the exploration of new knowledge that overturns conventional wisdom and the discovery of new richness hidden in everyday life, thereby stimulating creativity in various industries and contributing to the creation of new use cases and ecosystems.

③ Contributing to society through the delivery of safety, health and reliability

With functionality that surpasses the capacity of human eyes and cognition, we aim to expand the scope of human ability through enhancing danger prediction, risk measurement and efficiency, and thereby contribute to a safer, more secure society that can serve as the basis for people's fulfillment.





Market Position and Business Strengths

- Number one position* in imaging applications for CMOS image sensors (market share by revenue)
- High technological capabilities for pixels, signal processing and algorithms of CMOS image sensors that achieve technical capabilities such as high sensitivity, wide dynamic range, high resolution and high-speed image capture
- Lineup of sensing devices with varied applications
- Excellent customer base in each application
- Production technologies that achieve high quality and high yield
- Production capacity enabling reliable supply
- Opportunities for collaboration and synergy with Sony Group businesses

- Image sensors global market share by revenue: 49%*
  FY2019 53%
  FY2018 51%

Understanding Business Environment (Opportunities and Risks)

- Social need for greater amenity, comfort and efficiency
- Rising importance of advanced recognition technologies and edge computing as AI and IoT evolve
- Industry advancements in smart and real-time operations due to shifts toward automated and autonomous devices
- Intensifying competition, reorganization of major players, and diversification and expansion of use cases in semiconductor industry
- Changes in business environment due to escalating geopolitical risks and the COVID-19 pandemic
- Global shortage of semiconductors

Material Topics in the Foundation for Creating Value

- **Technology**: Advantages in imaging and sensing technologies bring new value creation
- **Employees**: Creating new value through the ingenuity of people with diverse backgrounds and opinions, giving full play to their abilities in an environment that encourages a spirit of challenge
- **Responsible supply chain**: Addressing environmental and human rights risks in the context of global supply chains
- **Product quality and customer service**: Meeting or exceeding application-specific industry standards for automotive image sensors and in other fields, in addition to maintaining high quality and reliability
- **Environment**: Developing environmentally conscious products, and reducing environmental footprint through such means as reducing greenhouse gas emissions and recycling resources in semiconductor manufacturing processes

Strategic Key Points

- **Hardware business**
  - Cautious investment decisions, keeping a close watch on demand trends
  - Maintaining number one position in imaging: Developing high image quality and multifunctional sensors and introducing fine pixels sensors
  - Achieving number one position in sensing: Expanding business by seizing new opportunities in sensing applications
- **Software business**
  - Promotion of a partner strategy
  - Combining edge AI processing and sensor hardware, and pursuing a recurring revenue model

Strategically Emphasized Indicators

- Global image sensor market share by revenue (FY2025 target: 60%)
- Sensing business proportion of image sensor sales (FY2025 target: 30%)
- ROIC (FY2025 target: 20-25%)

* Source: Sony

Business Strategies

Background to Strategies

Imaging and sensing technologies embody “getting closer to people” as an essential tool for capturing emotions in images and video, and for understanding and analyzing user motivations.

In FY2020 I&SS experienced substantial impact from geopolitical risks and the COVID-19 pandemic. With the immediate business environment on its way to recovery, however, we project continued growth in the image sensor market over the medium and longer terms, mainly in the core area of mobile applications. Meanwhile, advancements in AI and IoT will continue to drive market growth in new domains such as automotive and industrial applications. As the use of image recognition expands, edge computing, for securely extracting necessary data from images, is expected to become more widespread to address issues such as the increasing volume of data circulating in the world, and image sensors, the key devices for image recognition, are expected to become ever more important.

Strategic Direction

Under these circumstances, Sony’s Imaging & Sensing Solutions (I&SS) segment will remain focused on image sensors. It does not plan to change its medium- to long-term business strategies, nor its continuing effort to drive growth through both hardware and software businesses.

I&SS will be cautious in its investment decisions in terms of hardware, closely observing market demand trends for CMOS image sensors. It also plans to continue to maintain its number one position in imaging and aims to become number one in sensing, both in the CMOS image sensor area.

For software, it will work towards edge AI implementations that can be combined with sensor hardware to build a recurring revenue business model. I&SS is conducting PoC experiments of the "IMX500/IMX501", the world's first intelligent vision sensor with AI processing functionality, which it announced in May 2020, with various customers and partners. I&SS has held business talks on this with 54 potential customers and partners as of May 2021.

The mobile segment remains an earnings driver, and I&SS is working toward earnings recovery in FY2022 and onward by promoting, in response to structural changes in the smartphone market in FY2020, the development of high-image-quality, multifunctional products for the high-end market, and introducing fine pixel products differentiated by new technologies for the mid-range market. While the mobile sensing market is stalling due to a lack of application expansion, I&SS will allocate management resources for the sensing business to develop new products and technologies, including industrial and automotive applications and solutions, so there is no change to the plan to pursue earnings over the medium and longer terms.

In the automotive business, I&SS's particular focus, the segment possesses four key technologies designed to help create a future of mobility that contributes to keeping us safe, secure and comfortable: automotive CMOS image sensors, SPAD depth sensors for automotive LiDAR (a device that measures the distance to a given object), sensor fusion technology to raise the accuracy of object recognition by combining sensors of different properties, and iToF in-cabin sensing technology for cabin monitoring. Among these, CMOS image sensors represent the core business area, and sales have been growing annually by about 50% on average since 2016, when the business division was launched. Sales are expected to continue to grow over the medium to long term by FY2025. The number of OEMs that adopted these sensors in FY2020 was about four times greater than it was in the year that the division was established. Having raised its profile in the industry and built good relationships with a variety of customers and partners, I&SS projects to roughly triple the number of OEM customers by FY2025. In February 2021, I&SS announced that it has developed a stacked direct Time of Flight (dToF) depth sensor for automotive LiDAR with SPAD pixels, the first in the industry. The company has also developed its own LiDAR for evaluation purposes, and by providing it to customers and partners I&SS is moving forward with sensor performance evaluation and accelerating the business for its official adoption in the future.

In terms of investment, prudent judgement is necessary when observing market trends in light of changes in the business environment, but in order to maintain and strengthen technological dominance of the image sensor business, ongoing capital investment and R&D, along with employee recruitment, will be vital.

Initiatives to Strengthen Foundation of Value Creation

Addressing social issues and creating new value through initiatives in the solutions business

As IoT spreads more widely, cloud-computing systems are becoming an ordinary part of daily life. While IoT devices such as smartphones, home appliances and automobiles continue to increase, massive amounts of data are stored in the cloud, which is predicted to create problems for society in the future, such as bandwidth shortage and the explosive growth of data. Moreover, due to the accompanying surge in energy consumption, a substantial increase in CO_2 emissions is a public concern. Edge computing is drawing attention as a means to address these challenges.

One example of a specific initiative undertaken by I&SS is the introduction of the "IMX500/IMX501." Using a proprietary stacked technology with Cu-Cu (copper-to-copper) connections, I&SS added AI-enabled image analysis and processing capabilities to this image sensor's logic chip to realize high-speed AI processing.

Such initiatives, in the solution business which fuses edge AI and sensors, would be inconceivable without collaboration among a broad range of partners. A case in point is a collaboration with Microsoft Corporation that started in May 2020, and the following November we began a joint innovation program to verify use of the "IMX500" and Microsoft Azure AI features together.

One example of business talks underway concerning applications of the "IMX500" is a verification test utilizing smart cameras equipped with "IMX500" begun in Rome, Italy in June 2021 as part of an initiative to build a smart city. This aims to address local problems like traffic jams, resultant air pollution, overcrowded buses, and accidents often caused by pedestrians ignoring traffic signals, by applying the strength of the "IMX500" in generating metadata (semantic information added to images) without outputting image data from the sensor, thereby enabling operation of the smart cameras while respecting the privacy of citizens. Meanwhile, retailers in the "new normal society" are placing greater emphasis on providing new customer experiences in brick-and-mortar stores. As a new proposition combining the "IMX500" and AR, I&SS, in collaboration with Sony Music Solutions, is developing AR map solutions to display on mobile devices real-time AR content optimized for each customer.

Financial Services

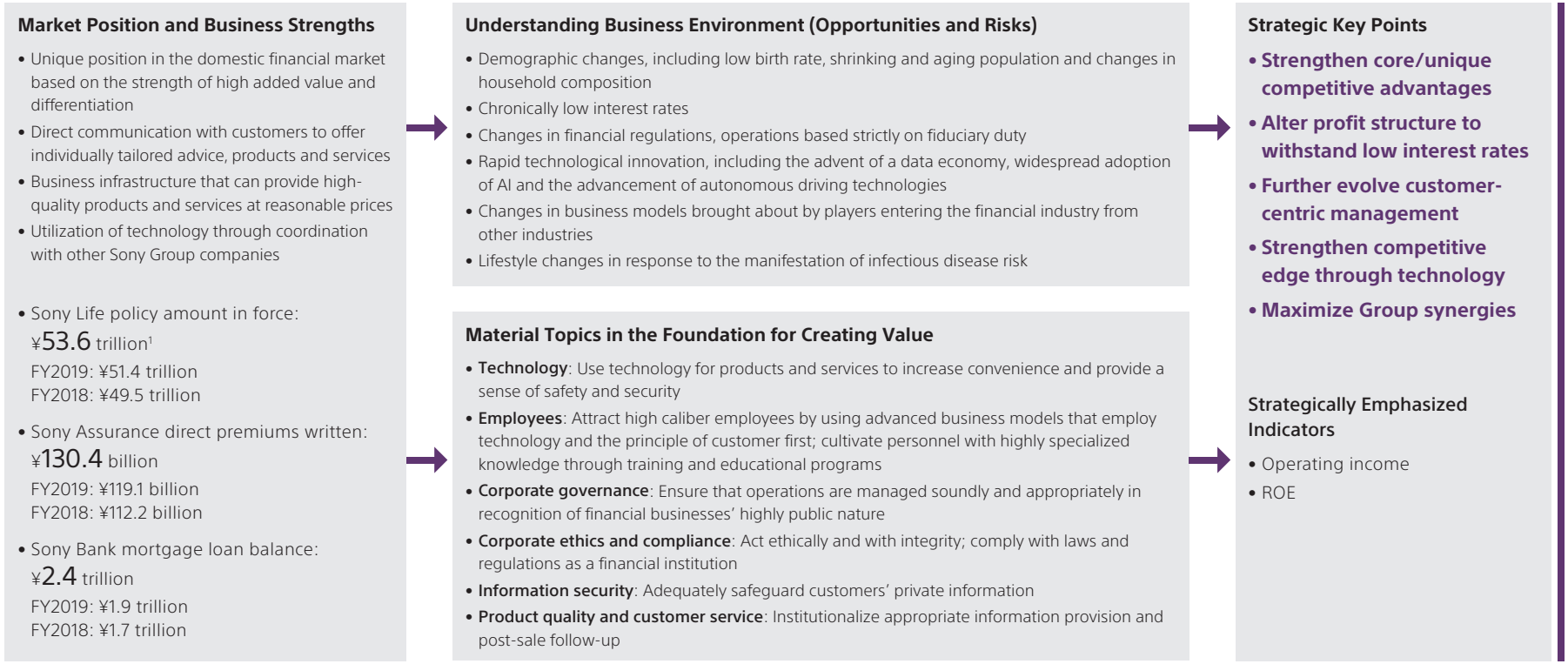
Business Vision

To be a financial group that helps each and every person achieve their dreams and peace of mind, by staying close to people and using the power of technology to build a society in which people feel uniquely enriched.

Value Created

③ Contributing to society through the delivery of safety, health and reliability

Utilizing a wide variety of information, Sony Financial Group (SFG) provides advice tailored to each customer's life plan. SFG offers safety and reliability through contributing to economic security, facilitating wealth-building, and providing products and services suited to a longevity society. SFG employs technology to create new insurance products and services to increase safety and security in society. Additionally, it aims to make life more convenient by improving access to financial services and promoting innovation.


Market Position and Business Strengths
• Unique position in the domestic financial market based on the strength of high added value and differentiation
• Direct communication with customers to offer individually tailored advice, products and services
• Business infrastructure that can provide high-quality products and services at reasonable prices
• Utilization of technology through coordination with other Sony Group companies
• Sony Life policy amount in force: ¥53.6 trillion[1]
FY2019: ¥51.4 trillion
FY2018: ¥49.5 trillion
• Sony Assurance direct premiums written: ¥130.4 billion
FY2019: ¥119.1 billion
FY2018: ¥112.2 billion
• Sony Bank mortgage loan balance: ¥2.4 trillion
FY2019: ¥1.9 trillion
FY2018: ¥1.7 trillion
Understanding Business Environment (Opportunities and Risks)
• Demographic changes, including low birth rate, shrinking and aging population and changes in household composition
• Chronically low interest rates
• Changes in financial regulations, operations based strictly on fiduciary duty
• Rapid technological innovation, including the advent of a data economy, widespread adoption of AI and the advancement of autonomous driving technologies
• Changes in business models brought about by players entering the financial industry from other industries
• Lifestyle changes in response to the manifestation of infectious disease risk
Material Topics in the Foundation for Creating Value
• Technology: Use technology for products and services to increase convenience and provide a sense of safety and security
• Employees: Attract high caliber employees by using advanced business models that employ technology and the principle of customer first; cultivate personnel with highly specialized knowledge through training and educational programs
• Corporate governance: Ensure that operations are managed soundly and appropriately in recognition of financial businesses' highly public nature
• Corporate ethics and compliance: Act ethically and with integrity; comply with laws and regulations as a financial institution
• Information security: Adequately safeguard customers' private information
• Product quality and customer service: Institutionalize appropriate information provision and post-sale follow-up
Strategic Key Points
• Strengthen core/unique competitive advantages
• Alter profit structure to withstand low interest rates
• Further evolve customer-centric management
• Strengthen competitive edge through technology
• Maximize Group synergies
Strategically Emphasized Indicators
• Operating income
• ROE

1. Total of in-force individual insurance and individual annuities as of March 31, 2021

Business Strategies

Background to Strategies

Over the medium and longer terms, market contraction, tighter profit margins and intensifying competition are forecast for Japan's financial services market due to factors including a low birth rate, a shrinking and aging population, increasing longevity and persistently low interest rates. With technological innovations such as rapid advances in Fintech and the spread of AI technology, players from other industries are entering the financial industry as well. In addition, society is placing greater emphasis on the proper execution of fiduciary duty to customers in the management of financial institutions.

Since its inception, Sony's financial services business has pursued a business model unlike those of traditional financial institutions, working to provide high-value-added products and services from differentiated businesses that meet the needs of individual customers. Its business environment, however, continues to grow increasingly challenging. It is necessary to objectively recognize emerging challenges to our business model, and to formulate and promote, from a Group perspective, strategies for thriving in this harsh environment under the leadership of Sony Financial Holdings.

Strategic Direction

The key principle of the mid-range plan is to maximize corporate value through self-transformation. With this

mindset we will strengthen our group management capabilities and work to achieve sustainable, profitable growth on a Group-wide basis.

The first strategic pillar for realizing this is to strengthen core/unique competitive advantages. Sony Life's advantage is its Lifeplanner sales specialists with their peerless customer contacts and relationships. Sony Life will build productivity by training its Lifeplanner sales specialists to become better consultants while evolving consulting tools, analyzing and applying the data it collects, and further strengthening corporate sales. Sony Assurance will continue to build on its strong brand and enhance market share in the direct auto insurance market, while increasing the use of technologies such as data analytics.

With its core remaining in the mortgage loan business, Sony Bank will expand its foreign-currency business and use alliances with other companies to further expand and reinforce its customer base.

The second strategic pillar is to alter SFG's profit structure to withstand low interest rates. To enhance our product mix we will strengthen sales of products and services that meet the needs of not only families, which have been our traditional focus, but also corporate clients, clients interested in asset-building, and seniors, while reinforcing our earnings structure with a higher component ratio of low-interest-risk products. SFG will also raise operational efficiency through digitalization and business process change, reduce operational costs, and upgrade the asset management capabilities in a low-interest environment.

The third strategic pillar is to further evolve customer-centric management. Sony's financial services firms have long been rated high in terms of customer satisfaction. To build customer satisfaction we will adopt the Net Promoter Score (NPS®)[2] as a Group-wide metric to assess and analyze the evolution of the customer experience and improvements in customer satisfaction. By understanding the specifics of customer satisfaction at each contact point and applying customer feedback, we will strive to craft a better customer experience while continuously improving management from the customer's perspective.

The fourth strategic pillar is to strengthen our competitive edge through technology. Technology is one of the core strengths of Sony's financial services business. Now that Sony Financial Holdings is a wholly-owned subsidiary of the Sony Group, we will take this as an opportunity to accelerate the application of technology in our business. We will consider greater use of the Sony Group's data analytics algorithms and sensing and AI technologies, and collaborate more proactively in the area of R&D. We will combine Sony Group technologies with SFG's knowledge and experience in the financial services business to create new value.

The final strategic pillar is to maximize Group synergies. Our Lifeplanner sales specialists exemplify the core value of Sony's financial services business, forming a strategic axis for the entire financial group, and we will maximize the value we provide to our customers by fostering intra-Group collaboration. Specifically, we will foster cross-sales by strengthening customer referrals among Group companies while integrating our customer-data infrastructure, thereby strengthening our customer base and data infrastructure. To pursue management integration of the financial group in this way, we plan to change the name of the holding company to Sony Financial Group, Inc. in October 2021.

Initiatives to Strengthen Foundation of Value Creation

Reinforce the Lifeplanner program, the Group's strategic axis, and promote DE&I efforts

For our customers to enjoy safety and security in life through continuing structural changes in society, in addition to offering security, we need to satisfy customer demand for specialized financial consulting, ranging widely from asset-building to business inheritance. As competition intensifies to attract specialists into the labor force, it is becoming an important challenge to strengthen our team of Lifeplanner sales specialists, the core value in our financial services business.

Original remote-consulting tool

Against this backdrop, the financial services business is working to strengthen human resource strategies and technologies that support the evolution of life planning, and to establish the Lifeplanner sales specialist as an attractive profession that offers peace of mind and supports people's dreams. Specifically, we will be actively hiring while keeping our selection standards high and enhancing our training and education systems, including initial training and career-based development, and encouraging diverse workstyles. In terms of technology, we will promote the use of the original remote-consulting tools we developed under pandemic conditions to more flexibly meet customer needs in consulting with us. We also plan to introduce new life planning tools, and strengthen our proposals through enhanced data analysis.

To make the most of the abilities and unique traits of each and every employee in the financial services group, it is important to implement company-wide DE&I initiatives in order to provide products and services that can meet diverse customer needs. We believe a free, uninhibited culture that encourages respect and exchange of differing opinions is the source of value creation, enabling us to stay close to customers. We endeavor to establish the new values of the financial services group and promote active collaboration and personnel exchange among financial services firms and with other Sony Group companies.

2. NPS® is a registered trademark of Bain & Company, Satmetrix Systems, Inc, and Fred Reichheld.

Message from the Chairman of the Board and the Chair of the Nominating Committee

Shuzo Sumi
Chairman of the Board
Chair of the Nominating Committee

Even as the COVID-19 pandemic raged, Sony performed well in FY2020 thanks to the efforts of its management team and employees.

The Board of Directors received, verified and discussed timely reports from management on matters such as measures to protect the health and safety of employees and their families, business operations in a remote working environment, and activities to support people and communities affected by the current pandemic.

As Chairman of the Board and Chair of the Nominating Committee, I grappled with how to maintain the quality of online meetings and ensure the effectiveness of the Board and its Nominating Committee while our Directors, who live in Japan, the U.S. and Europe, were unable to meet together in person. I believe that we managed to have meaningful discussions on many important matters, including mid- and long-range plans, strategic investment proposals, responses to geopolitical risks, CEO succession planning and the Board's composition.

FY2021 is the first year of our new mid-range plan. The Board remains committed to contributing to medium- to long-term growth in the Sony Group's corporate value by continuing to diligently oversee and support its management from the standpoint of our shareholders and various other stakeholders.

Message from the Chair of the Audit Committee

Toshiko Oka
Chair of the Audit Committee

I was appointed Chair of the Audit Committee effective June 2021.

Sony's Audit Committee is composed of three independent outside Directors, and is responsible for overseeing the independent auditor and monitoring the execution of duties by Directors and Corporate Executive Officers. In light of the key role that tripartite audits involving the Audit Committee, internal auditing staff and the independent auditor play in building a governance regime, Sony's Audit Committee has been endeavoring to foster appropriate relationships with both the independent auditor and the internal audit department.

In FY2020, the COVID-19 pandemic affected auditing activities as well. Although audits were conducted remotely from home instead of in the office, they were performed on par with pre-pandemic norms globally, including in Japan, through effective use of IT systems and workflows.

Since April 2021, the Sony Group has been operating under a new group organizational structure that has clarified the reporting system, including with respect to internal controls. In addition to expeditiously communicating with individual organizational units, the Audit Committee will strive to improve the quality of the Committee's oversight activities while gaining a better understanding of our entertainment businesses, which will play an increasingly important role in operations, the capital-intensive imaging & sensing solutions business, and the financial services business, now a wholly-owned subsidiary.

Message from the Chair of the Compensation Committee

Wendy Becker
Chair of the Compensation Committee

Sony's executive remuneration structure has been designed to support the medium- to long-term growth of the Group and its businesses in line with our stated aims and strategies. Our base salary, annual bonus and long-term incentive program have been created to align management's incentives with that of the investors and diverse stakeholders. Each year we seek to engage with these groups as we refine the remuneration design.

Annually, we seek to set targets that motivate and encourage management to deliver Sony's strategy. Over the past year, in addition to the Group's financial performance, the Committee evaluated the many ways in which synergies across the Group were captured as well as the increased focus put on environmental, social and governance (ESG) activities across the Group and its businesses.

In FY2021, we will continue our focus on mid- and long-term value creation efforts as Sony moves forward with its fourth mid-range plan.

Message from the Director in charge of Information Security

Tim Schaaff
Director in charge of Information Security

In our lifetime, the Internet has transformed the way we work and play, the way we create and communicate, and even how we relate to the world around us. Our customers, partners, employees and investors depend on Sony to protect their sensitive information and to maintain smooth and reliable operations across our diverse businesses. Maintaining the faith and trust of Sony's stakeholders through effective management of our information security and data privacy practices is crucial to fulfilling the vision of the Company.

As Director in charge of Information Security, I provide Board-level oversight of Sony's information security practices to ensure that they are aligned to Sony's Purpose & Values. During the period of the next mid-range plan, Sony's information security team will pursue new technologies to defend against novel cyber threats and to support sustainable growth toward our vision of connecting with 1 billion people across the world. Sony's information security program will boldly meet the challenges – and opportunities – of our networked world.

Board of Directors (As of July 31, 2021)

Policy Regarding Composition of the Board

With a view toward securing effective oversight by the Board, the Nominating Committee reviews and selects candidates for the Board with the aim of ensuring that a substantial part of the Board is comprised of qualified outside Directors that satisfy the independence requirements established by Sony and by law. The Nominating Committee selects candidates that it views as well-suited to be Directors in light of the Board's purpose of enhancing Sony's corporate value. The Nominating Committee broadly considers various relevant factors, including a candidate's capabilities (such as experience, achievements and expertise), availability, and independence, as well as diversity (including gender and internationality) in the boardroom, the appropriate size of the Board, and the knowledge, experience and talent the role requires.

Under the Board Charter, Sony Group Corporation also requires that the Board consist of at least 8, but no more than 14, Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors. As of July 31, 2021, all members of the Audit Committee, the Nominating Committee and the Compensation Committee are outside Directors.

1 Kenichiro Yoshida

2 Hiroki Totoki

3 Shuzo Sumi

4 Tim Schaaff

5 Toshiko Oka

6 Sakie Akiyama

7 Wendy Becker

8 Yoshihiko Hatanaka

9 Adam Crozier

10 Keiko Kishigami

11 Joseph A. Kraft Jr.

Name
1 Kenichiro Yoshida
2 Hiroki Totoki
3 Shuzo Sumi* (Chairman of the Board)
4 Tim Schaaff (Non-Executive Director)
5 Toshiko Oka*
6 Sakie Akiyama*
7 Wendy Becker*
8 Yoshihiko Hatanaka*
9 Adam Crozier*, **
10 Keiko Kishigami*
11 Joseph A. Kraft Jr.*

*An outside Director who satisfies the requirements under Item 15, Article 2 of the Company Act of Japan

Note: Blue shading indicates outside Directors and non-executive Directors
As of July 31, 2021

Position / Principal Activities Outside Sony	Years as Director	Committee Membership/Assignment				Experience and Expertise (Outside and Non-Executive Directors)						
		Audit Committee Member	Nominating Committee Member	Compensation Committee Member	Director in charge of Information Security	CEO or Equivalent Position of Business Enterprise	Global Business	Diversity (Gender/ Nationality)	Engineering/ IT/ Technology	Relevant Industry/ Operations	Finance/ Accounting	Risk Management/ Government Relations
Representative Corporate Executive Officer, Chairman, President and Chief Executive Officer	7		—									
Representative Corporate Executive Officer, Executive Deputy President and Chief Financial Officer	2		—									
Senior Executive Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd. Former Chairman of the Board, Tokio Marine Holdings, Inc.	4		Chair			●	●		●	● (Financials)	●	●
Chief Product Officer, Intertrust Technologies Corporation Former President, Sony Network Entertainment International LLC	8				■		●	●	●	● (IT/ Software)		●
CEO, Oka & Company Ltd. Professor, Graduate School of Global Business, Meiji University	3	Chair					●	●			●	●
Founder, Saki Corporation	2			■		●	●	●	●	● (IT/Device)		
Chairperson of the Board, Logitech International S.A. Non-Executive Director, Great Portland Estates plc	2			Chair		●	●	●		● (Tele-communication Service/ Consumer Goods)		●
Representative Director, Chairman of the Board, Astellas Pharma Inc.	2		■	■		●	●			● (Health Care)	●	●
Chairman of the Board, Whitbread plc Former CEO, ITV plc Former CEO, Royal Mail Group Ltd.	1		■			●	●	●		● (Media/ Entertainment)		●
Certified Public Accountant in Japan Board Member, WWF Japan Former Partner, Ernst & Young ShinNihon LLC	1	■					●	●			●	●
CEO, Rorschach Advisory Inc. Former Deputy Branch Manager & Managing Director, Bank of America Merrill Lynch Japan Former Managing Director, Morgan Stanley Inc.	1	■			■		●	●		● (Financials)	●	●

** On August 17, 2021, Sony Group Corporation announced the retirement of Adam Crozier to be effective as of December 31, 2021.

Governance at Sony

Historically, Sony has consistently focused on effective group management by evolving its governance while diversifying its businesses, the regions it serves and its capital procurement methods. Sony therefore sees corporate governance as the basis for management that improves corporate value over the mid and long term as highly important, not simply as a response to legal requirements or social trends.

To realize Sony's Purpose and achieve sustainable corporate growth, Sony continuously strives to operate the Sony Group effectively by maintaining objective, transparent and sound management and realizing timely and efficient decision-making.

Sony clearly separates its management and oversight functions, and enhances the independence of the Board of Directors ("the Board") and its functions as an oversight organization to ensure objective, transparent and sound management. In addition, Sony enables timely and efficient decision-making by largely delegating authority for conducting Sony's business operations from the Board to the management team.

An outstanding governance system is becoming more important than ever for earning greater trust from stakeholders. Sony will therefore work to further enhance its governance system.

Healthy Tension is Key to Governance

Sony emphasizes healthy tension between the Board and the management team to ensure highly effective governance, and accordingly, it clearly separates the oversight function of the Board and the management function of the management team.

The Board is responsible for oversight. While utilizing each Committee, the Board primarily reviews and approves Sony's basic management policies, confirms their progress, and encourages the management team to take corrective action as necessary, including through the exercise of its authority over personnel matters. At the same time, the management team is responsible for outcomes of business operations and assumes accountability to the Board. To ensure that these systems operate effectively, Sony believes that a majority of the Board should be comprised of independent outside Directors, including the chair of the Board.

Sony's Governance System (Monitoring Model): Separation of Management and Oversight

Enhancing the Independence and Oversight Functions of the Board

- Adopted the "Company with Three Committees" system in 2003
- 8 out of 11 members of the Board are outside Directors
- Appointed an outside Director as the chairman of the Board
- All members of the Audit Committee, the Nominating Committee and the Compensation Committee are outside Directors
- Require additional independence requirements and limit re-election for outside Directors*

*In principle, re-election is limited to five times. Thereafter, re-election requires a resolution of the Nominating Committee and the consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be reelected more than eight times.

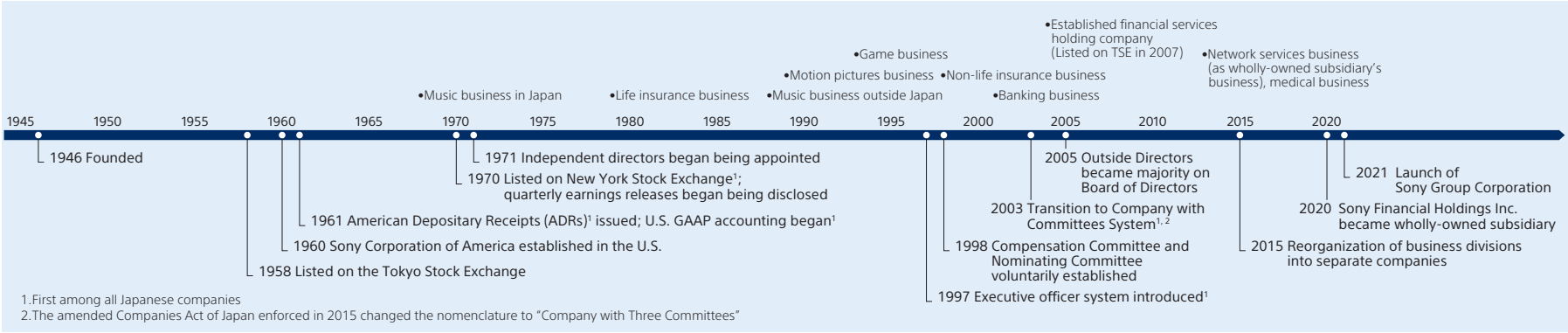
Delegation of Authority

The Board has the authority to determine basic management policy, and ensures timely decision-making by largely delegating its authority for business operations to the management team.

Percentage of Outside Directors

- Board of Directors: 72.7%
- Nominating Committee: 100%
- Audit Committee: 100%
- Compensation Committee: 100%

Evolution of Governance along with Diversification of Businesses


•Established financial services holding company (Listed on TSE in 2007)
•Game business
•Network services business (as wholly-owned subsidiary's business), medical business
•Motion pictures business
•Non-life insurance business
•Music business in Japan
•Life insurance business
•Music business outside Japan
•Banking business
1945
1950
1955
1960
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1985
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1995
2000
2005
2010
2015
2020
1946 Founded
1958 Listed on the Tokyo Stock Exchange
1960 Sony Corporation of America established in the U.S.
1961 American Depositary Receipts (ADRs)[1] issued; U.S. GAAP accounting began[1]
1970 Listed on New York Stock Exchange[1]; quarterly earnings releases began being disclosed
1971 Independent directors began being appointed
1997 Executive officer system introduced[1]
1998 Compensation Committee and Nominating Committee voluntarily established
2003 Transition to Company with Committees System[1, 2]
2005 Outside Directors became majority on Board of Directors
2015 Reorganization of business divisions into separate companies
2020 Sony Financial Holdings Inc. became wholly-owned subsidiary
2021 Launch of Sony Group Corporation

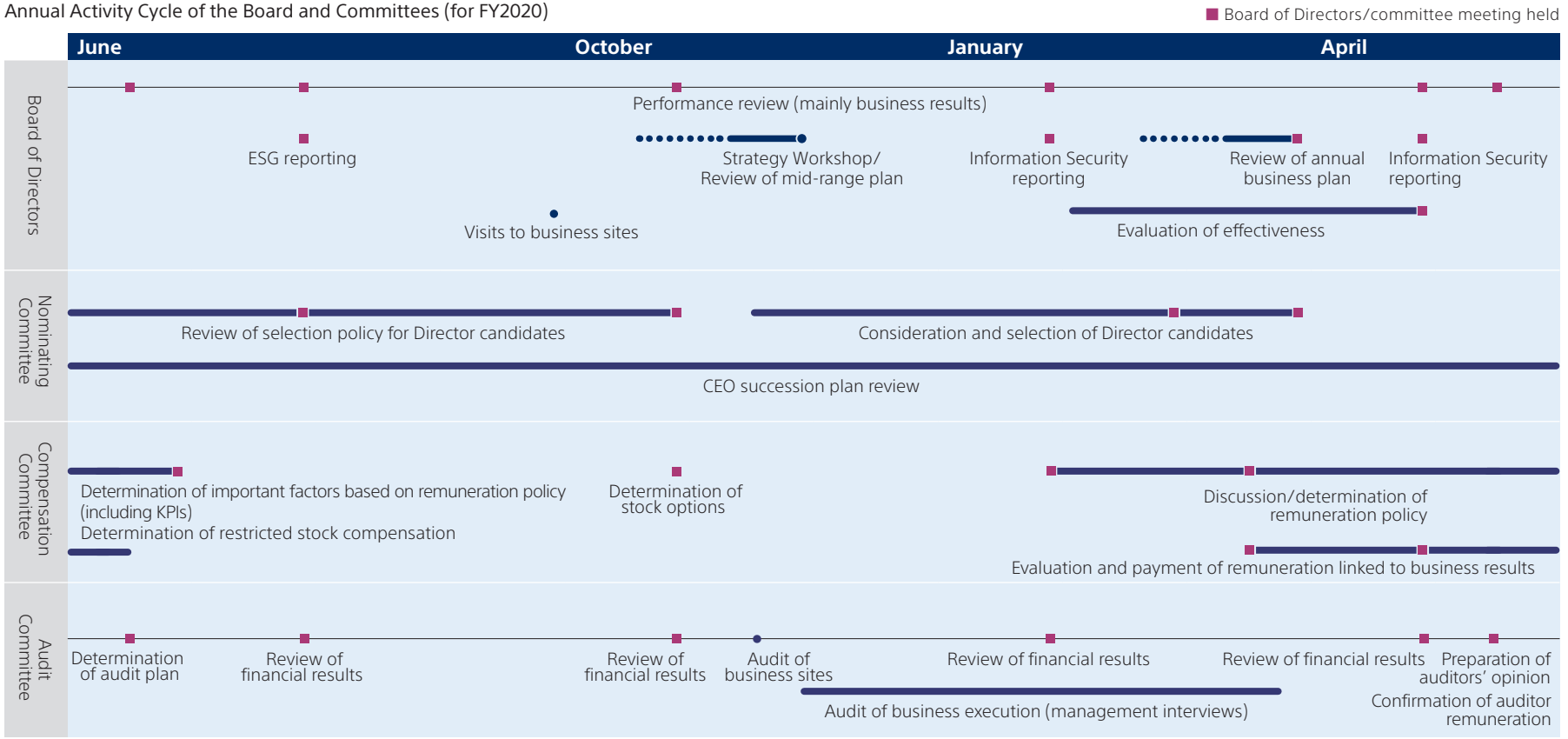
1.First among all Japanese companies
2.The amended Companies Act of Japan enforced in 2015 changed the nomenclature to "Company with Three Committees"

Roles and Annual Schedule of the Board and Committees

The Board determines Sony's fundamental management policies, and oversees the management of Sony's business operations. As part of this role, the Board has the authority to (i) appoint and dismiss statutory committee members, and (ii) appoint/dismiss and/or conduct oversight of appointment/dismissal of Senior Executives. In addition, in order to improve Directors' understanding of Sony businesses so that the Board, a majority of which is comprised of independent outside Directors, can effectively perform its oversight role, the Board has conducted events such as site visits by outside Directors on a regular basis, as well as three-day workshops.

The Nominating Committee determines the content of proposals regarding the appointment/dismissal of Directors to be submitted for approval at the General Meeting of Shareholders, and evaluates management succession plans for the CEO and other executives. The Compensation Committee sets policy on the content of individual compensation for Directors, Corporate Executive Officers and other officers, determines the amount and content of individual compensation for Directors and Corporate Executive Officers, and oversees the status of decisions regarding individual compensation of Senior Executives except for Corporate Executive Officers. The Audit Committee monitors the performance of duties by Directors and Corporate Executive Officers, and oversees the independent auditor.

Annual Activity Cycle of the Board and Committees (for FY2020)



Continuously Improving Governance

Sony's governance is a continuously evolving management system. Sony has conducted evaluations of the effectiveness of the Board and each Committee ("Evaluation") annually since 2015. An outside counsel conducted the Evaluation in respect of the Board and Committee activities in the fiscal year ended March 31, 2021, and reported that the Board is established and operated in a manner sufficient to be highly appreciated, based on various points, including the self-evaluation results of the Directors and comparison with benchmarked companies in Japan, the United States and Europe. Following discussion and analysis based on the Evaluation, the Board affirmed that the Board and each Committee were functioning effectively.

Sony will take appropriate actions to further enhance functions of the Board and the Committees in response to the results of the Evaluation, as well as various comments and opinions given by Directors and the outside counsel during the Evaluation process.

Major Efforts to Improve Effectiveness of Sony's Board of Directors

FY2018	FY2019	FY2020
• Further enhanced diversity in the boardroom (by newly appointing one non-Japanese and two female Directors as outside Directors) • Made periodic reports to Board on ESG-related matters • Focused on information security continuously through Director in charge of Information Security • Held additional executive sessions • Expanded disclosure of Sony's appointment/dismissal policy for Senior Executives, including CEO, and Sony's policy on succession planning	• Further enhanced diversity in the boardroom (by newly appointing two non-Japanese Directors and one female Director as outside Directors) • Continued periodic reports to Board on ESG-related matters • Focused on information security continuously through Director in charge of Information Security • Held additional executive sessions • Expanded disclosure regarding compensation of Directors and Senior Executives • Conducted visiting audits by Audit Committee members at Sony's business sites	• Continuously made periodic reports to the Board on ESG (Environment, Social and Governance)-related matters • Focused on information security continuously through increasing the number of Directors in charge of Information Security • Held additional executive sessions • Disclosed the table showing experience and expertise of non-executive Directors, including outside Directors • Expanded disclosure regarding compensation of Directors and Senior Executives • Continuously conducted visiting audits by Audit Committee members at Sony's business sites

Risk Management

Each business unit, subsidiary, affiliated company and corporate division of the Sony Group periodically reviews and evaluates risks in its respective area of responsibility and works to find, report, evaluate and respond to risks that may cause losses.

Senior Executives, including the Corporate Executive Officers, have the authority and responsibility to establish and maintain a system to identify and control risks that may cause losses to the Sony Group in their respective areas of responsibility, and set up and operate such risk management systems. The Corporate Executive Officer in charge of group risk control comprehensively promotes and manages the establishment and enhancement of the system through the activities with related departments.

Examples of risks that may significantly impact investor judgments include reduced market relevance and profitability due to intensifying competition from competitors; newly incurred costs to comply with laws and regulations in countries and regions where Sony operates; impact on global operations due to trade restrictions and /economic sanctions imposed by certain countries and retaliatory measures to them; impairment of long-lived assets; and changes in consumption behavior caused by the increasing prevalence of new technologies and distribution platforms.

Additional details regarding Sony's risk are available in *Annual Report under the Form 20-F for the fiscal year ended March 31, 2021.*

Investor Relations > IR Library > SEC Filings
https://www.sony.com/en/SonyInfo/IR/library/sec.html

Ensuring Transparent Compensation that Incentivizes Sound Management

Sony's Compensation Committee sets the policy on the content of individual compensation for Directors, Senior Executives and other officers, and determines, or oversees the determination of, the amount and content of individual compensation of Directors and Senior Executives in accordance with the policy. The Compensation Committee currently consists of three outside Directors.

Basic Policy regarding Director Remuneration (for FY2020)

The basic policy for Director remuneration is to improve the supervisory function for business operations based on research regarding remuneration of directors of other companies. Based on this policy, Director remuneration consists of the following components:

Type of Remuneration	Description
Fixed remuneration	• Set at an appropriate level determined with a view to the level of responsibility of the Director and maintaining competitiveness for securing talent
Remuneration linked to stock price (restricted stock)	• Granted, with appropriate restrictions and conditions, to further promote shared values between Directors and shareholders and to incentivize Directors to develop and maintain a sound and transparent management system
Phantom restricted stock plan	• Points determined by the Compensation Committee are granted to Directors every year during their term in office; upon resignation, the remuneration amount is calculated by multiplying the price of common stock by the individual's accumulated points Note: Because Sony replaced the phantom restricted stock plan for Directors with restricted stock from FY2017, Sony did not grant new points to Directors during FY2020

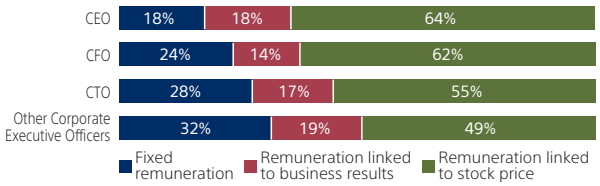
Basic Policy regarding Senior Executive Remuneration (for FY2020)

Senior Executives are key members of management responsible for executing operations of Sony or its business, and Senior Executive remuneration provides effective incentives to improve business results on a short/mid/long-term basis in order to further improve corporate performance as a whole. The amount of each component and its percentage of total compensation are determined in accordance with the individual's level of responsibility and based upon benchmark research, emphasizing linking the remuneration to business results and shareholder value. Based on this policy, Senior Executive remuneration consists of the following components:

Type of Remuneration	Description
Fixed remuneration	• Set at an appropriate level determined with a view to the level of responsibility of the Senior Executive and maintaining competitiveness for securing talent
Remuneration linked to business results	• Structured appropriately and based on appropriate metrics to ensure such remuneration effectively incentivizes Senior Executives to achieve financial targets for the mid- to long-term and financial targets for the subject fiscal year • Specifically, the amount is determined based on the level of achievement of the two metrics below and can fluctuate, in principle, from 0% to 200% of the standard payment amount depending on the level of achievement (1) Certain key performance indicators linked to the consolidated or individual business results of Sony during the fiscal year, such as ROE, net income attributable to Sony Group Corporation's stockholders, and operating cash flow, which are selected based on the areas for which each Senior Executive is responsible (2) Individual performance in the area(s) for which each Senior Executive is responsible, including an evaluation of the Senior Executive's efforts to accelerate collaboration among Sony businesses to achieve value creation through One Sony, and his or her efforts to implement sustainability initiatives from the perspective of social value creation and ESG • The standard payment amount is determined so that it is a percentage of the Senior Executive's total cash compensation (fixed remuneration plus remuneration linked to business results) appropriate to each individual's level of responsibility
Remuneration linked to stock price (Stock acquisition rights and restricted stock)	• Stock acquisition rights and restricted stock are granted • To effectively incentivize to increase mid-to long-term shareholder value, restrictions and conditions are set appropriately • The amount of remuneration linked to the stock price is determined so that it is a percentage of the Senior Executive's total compensation appropriate to each individual's level of responsibility • In principle, Senior Executives with greater management responsibility and influence over Sony as a whole have a higher proportion of their remuneration linked to the stock price*
Phantom restricted stock plan	• Points determined by the Compensation Committee are granted to Senior Executives every year during their term in office; upon resignation, the remuneration amount is calculated by multiplying the closing price of common stock by the individual's accumulated points

*Reference: Executive Compensation Package Designed to Focus on Long-Term Management (FY2020)

The chart below shows the components of remuneration for Corporate Executive Officers for FY2020. The standard payment amount is used to depict remuneration linked to business results and remuneration linked to stock price is calculated based on the fair value of stock acquisition rights and the issue price of restricted stock as of the date granted in FY2020. Accordingly, the proportion of each component based on the amount actually paid will differ from the chart below.

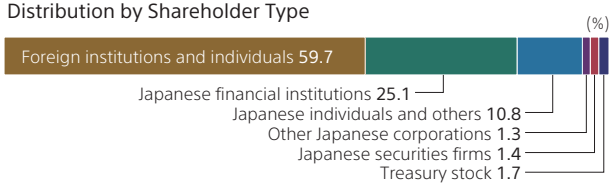


Group Information

Corporate Data (As of March 31, 2021)

Company name	Sony Corporation (trade name changed to Sony Group Corporation as of April 1, 2021)
Founded	May 7, 1946
Headquarters	1-7-1 Konan, Minato-ku, Tokyo 108-0075, Japan
Common stock	¥880.2 billion
Subsidiaries	1,449 Consolidated subsidiaries: 1,414 (including variable interest entities) Equity-method affiliates: 135 Affiliated companies: 152
Headcount (consolidated)	109,700
Listed stock exchanges	Tokyo Stock Exchange (Japan) New York Stock Exchange (outside Japan)
Shares per unit	100
Fiscal year-end	March
Ordinary general meeting of shareholders	June
Number of shares issued	1,261,058,781
Number of shareholders	384,047

Distribution by Shareholder Type



Disclosure of Financial and Non-Financial Information

Corporate Report 2021

Integrated report covering financial and non-financial information, such as business strategy and management policies for mid- to long-term value creation

- Message from the CEO
- Value Creation at Sony
- Businesses and Foundation for Creating Value
- Corporate Governance

"Investor Relations" Website

A business overview, with financial and non-financial information, particularly relevant to investors and shareholders

Briefings for Investors
- Corporate Strategy Meeting
- Earnings Announcement
- ESG Briefing

Financial Reports
- Securities Report (Japanese only)
- SEC Filings

Corporate Governance and Internal Controls
- Corporate Governance Report

Sustainability Report 2021

Covers non-financial information, such as activities related to sustainability and CSR, relevant to a wide range of stakeholders

- Approach to Sustainability
- Corporate Governance
- Ethics and Compliance
- Respect for Human Rights
- Technology
- Employees
- Responsible Supply Chain
- Quality and Customer Service
- Environment
- Community Engagement

Selection for ESG Indices

FTSE4Good

FTSE Blossom Japan

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA

2021 MSCI ESG Leaders Indexes Constituent

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sony Group Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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Cautionary Statement

Statements made in this report with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Please note that Sony has disclosed the consolidated financial statements and its forecast for consolidated results for the fiscal year ending March 31, 2022 based on International Financial Reporting Standards (IFRS). Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

(i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
(ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
(iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
(iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
(v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
(vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
(vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
(viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
(ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
(x) Sony's ability to forecast demands, manage timely procurement and control inventories;
(xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
(xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
(xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
(xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
(xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
(xvi) risks related to catastrophic disasters, pandemic disease or similar events;
(xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
(xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of COVID-19 could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

Note to the Financial Information without Financial Services

Financial information without Financial Services presented in this report is not in accordance with accounting principles generally accepted in the United States of America, which is used by Sony to prepare its consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony utilizes this information to analyze its results without the Financial Services segment and believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

Editorial Policy

Sony's *Corporate Report 2021* is an integrated report that covers the worldwide business activities of Sony Group on a consolidated basis. The report's purpose is to comprehensively communicate financial information, including business results, policies for mid- to long-term value creation and business strategies, and non-financial information to Sony's stakeholders.

Reporting Scope

Scope: Sony Group Corporation, consolidated subsidiaries and other companies within the scope of consolidation

Period: FY2020 (April 1, 2020—March 31, 2021)
Certain subsequent information announced by August 17, 2021 is also included.

Note: In this report, "Sony" and "the Group" refer to the "Sony Group," as distinct from Sony Group Corporation and Sony Corporation. The "Sony Group" refers to Sony Group Corporation (the parent company operating in Japan) and all consolidated subsidiaries in which Sony Group Corporation holds a capital stake of more than 50%.
For a list of consolidated subsidiaries please see "Affiliated Companies" on Sony's website.

Affiliated Companies

https://www.sony.com/en/SonyInfo/CorporateInfo/Subsidiaries/

Links to Websites of Sony Group Companies

https://www.sony.com/ja/grouplink/ (Japanese only)

Guidelines Referenced

Integrated Reporting, International Integrated Reporting Council
Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry, Government of Japan
Environmental Reporting Guidelines 2018, Ministry of the Environment, Government of Japan
GRI Standards (2016), Global Reporting Initiative

Inquiries

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SONY